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NEWS SUMMARY

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...nment Secretary Michael ...ine said in the House of ...ons he would consider ...tives to his proposals ...imiting local authority ...ng and rate increases. ...did not, however, make ...pecific concessions. Back Page 10

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...anging times

...t botanists believe the ...may have tilted on its axis ...years ago, altering climates ...atically. They returned ... the Arctic island of Spits... ...n with fossils of tropical ...and animals.

...iefly...

...Queen knighted Seoul ...paper publisher Kim Sang... the first Korean to receive ...honour.

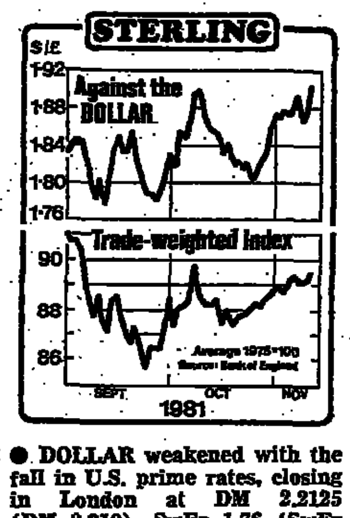
...bomb exploded at the ...nce of an Air France office ...est Beirut.

...armed raiders stole more ...£30,000 from The ...rver's cash office in ...lon.

BUSINESS

Sterling up 1.6c; Gilts improve

● STERLING gained 1.6c to finish in London at $1.895, DM 4.195 (DM 4.17), SwFr 3.3375 (SwFr 3.33), FFr 10.575 (FFr 10.505), and Y430.5 (Y428.5). Its trade weighted index rose to 89.4 (89.2). Page 33



● DOLLAR weakened with the fall in U.S. prime rates, closing in London at DM 2.2125 (DM 2.219), SwFr 1.76 (SwFr 1.771), FFr 5.5825 (FFr 5.5925) and Y227 (Y228). Its trade weighted index fell to 106.7 (107). Page 33

● GOLD fell $2½ in London to $410.5. Page 33

● GILTS responded to interest rate optimism and the Government Securities index finished 0.57 up at 63.23. Page 36

● EQUITIES followed gilts and after early fluctuations the FT 30-share index closed 10 points up at 518.2. Page 36

● WALL STREET was up 3.33 at 860.45 near the close. Page 34

● S. and W. BERISFORD, commodity traders, and London and Edinburgh Investment Trust, property developers, emerged as successful bidders for London's Billingsgate Market sit

● SAMUEL MONTAGU, the London bankers, signed a £100m loan agreement with Egypt to finance initial work on a Cairo construction project. Page 6

● SAUDI ARABIA may open up new oil exploration areas to international companies under plans being considered in Riyadh. Page 5

● BP has found oil in an onshore test well drilled near the South Humberside village of Howsham. Page 8

● BRITISH SHIPBUILDERS won an £80m order for an exploration drilling rig from the state-owned BNOC. Page 8

● SEAMEN'S union leaders recommended acceptance of a pay and conditions package worth about 8 per cent. Page 9

COMPANIES

● SHARE OFFER by Exco International, holding company for two London international money brokers, was oversubscribed by a huge margin. Back Page and Lex

● ARGYLL FOODS, distribution and retail group, dropped its £87m bid for Linfood after its reference to the Monopolies and Mergers Commission. Back Page.

● LWT (HOLDINGS), the independent TV and publishing group, lifted pre-tax profits from £3.06m to £4.26m for the year to July 26. Page 20

● ULTRAMAR, the oil and gas group, increased third quarter pre-tax profits from £24m to £49.8m, producing a £141.7m (£94m) surplus for nine months. Page 20; Lex, Back Page

● BRITISH AND COMMONWEALTH Shipping raised taxable profit from £11.4m to £13.14m for the six months to June 30. Page 20; Lex, Back Page

...IEF PRICE CHANGES YESTERDAY

(...ces in pence unless otherwise indicated)

RISES		
...ury 12pc 1986	£89¾	+ ¾
...ury 12¼pc 1985	£83⅞	+ 1
...at London	190	+ 6
...ll Foods	100	+ 6
... & Commonwlth	317	+ 9
...donia Invs.	280	+ 10
...ety	301	+ 7
...a Rue	655	+ 25
...n (J. & J.) A	69	+ 5
...re Stores	72	+ 8
... (G. M.)	160	+ 7
...	785	+ 10
...bros Bank	170	+ 17
... (C.) of Bristol	133	+ 13
... Samuel	160	+ 10
...cape	280	+ 27
...d Securities	326	+ 11
... T. A	126	+ 8
...cury Securities	228	+ 12
... O Dafd.	130	+ 7

Pr. of Wales Hotels	60	+ 5
Racal Electronics	423	+ 8
Ropner A	207	+ 22
Smiths Inds.	365	+ 13
Stand. Telephones	445	+ 12
Thorn EMI	447	+ 10
Unilever	643	+ 11
Utd. Engineering	175	+ 8
Vantona	118	+ 10
Inch K'nn'th Kajang	263	+ 43
Malaysia Mng. Corp.	102	+ 7
FALLS		
Clifford (Ch.)	37½	− 5½
Common Bros.	233	− 27
Kwik-Fit	48	− 7
Linfood	158	− 8
Scott (D.)	14	− 3
Candecca	214	− 6
Anglo Amer. Gold	£45¼	− 1¼
Hartebeest	£27	− 1½
Trans. Cons. Land	£25	− 1

Benn defies Foot's call for loyalty to shadow Cabinet

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

MR TONY BENN last night continued his defiance of the shadow Cabinet and the majority of the Parliamentary Labour Party.

He failed to give Mr Michael Foot, the Labour leader, a firm undertaking to toe the line on shadow Cabinet responsibility. Despite his refusal, however, Mr Foot stopped short of advising Labour MPs not to vote for Mr Benn in the shadow Cabinet elections.

Instead Mr Foot backed down from his ultimatum to Mr Benn and gave him more time to say whether he was prepared to obey the accepted rules of shadow Cabinet behaviour.

At a packed meeting of the Parliamentary Labour Party last night Mr Benn delivered a statement which most MPs took as meaning that he had no intention of being bound by the normal conventions of shadow Cabinet behaviour.

But Mr Foot apparently thought that it showed Mr Benn was prepared to make concessions.

Mr Foot told MPs while Mr Benn had no gone far enough, he thought Mr Benn accepted the idea of collective responsibility.

He had asked Mr Benn to accept this procedure, but despite calls from other Labour MPs, Mr Benn again failed to give a precise commitment. Instead, he asked for more time and stressed his determination to get Labour elected at the next election.

Mr Foot has been trying desperately to be conciliatory towards Mr Benn since Labour's party conference. His strategy has infuriated the right, and last night Labour moderates were despondent that Mr Foot had again pulled back from the brink and given Mr Benn another chance.

Mr Foot was careful not to put a time limit on when he expected a reply from Mr Benn, but since the elections for the shadow Cabinet start today Mr Foot will have to state his position very early next week if he is to influence the verdit.

Mr Benn came to the meeting armed with his statement reiterating his position on Labour's policy of renationalisation which caused the row in the shadow Cabinet on Wednesday.

He seemed anxious to appear conciliatory and went some way to meeting Mr Foot's points. But he refused to apologise for the way he argued for renationalisation without compensation in Tuesday's energy debate rather than taking the agreed shadow Cabinet line.

He said he had acted in good faith and had not breached any agreement about what should be said in the debate.

He ended ambiguously by saying everybody who stood for the shadow Cabinet had to accept the responsibilities which went with membership of it. These applied "equally to all of us."

Mr Foot then delivered the attack on Mr Benn which he had given to the shadow Cabinet on Wednesday night. He called on Mr Benn to repudiate the activities of some of his supporters in London and insisted that Mr Benn's activities had contributed to Labour's election decline.

Mr Foot, who had seen Mr Benn earlier in the day, urged him again to accept that collective responsibility was essential to the working of the shadow Cabinet.

Mr Benn replied briefly, stressing that he too wanted Labour to win the next election, but still refused to give Mr Foot the precise assurance the party leader wanted.

Mine leaders reject 9% pay offer in tactical vote

BY CHRISTIAN TYLER, LABOUR EDITOR

EXTRAORDINARY tactical voting by moderate leaders of the National Union of Mineworkers yesterday upset predictions of a peaceful outcome to the miners' wage negotiations.

The National Coal Board said last night there was no chance of it increasing the £100m "final" pay offer which the union's 25-strong executive unanimously rejected earlier in the day. But it agreed to meet the union again in two weeks' time.

Few in the industry are seriously expecting the union to slide into a confrontation with the Coal Board or the Government. Even militants admitted the offer, worth 9 per cent on current minimum earnings, would have proved acceptable if a coalfield ballot had been ordered.

As it was, the internal politics of the NUM intervened because of the imminent ballot to choose the next president of the union. The Right wign, anxious not to be outdone in militancy in the eyes of the membership, moved rejection of the offer. The Left was content to agree with them.

Only Mr Joe Gormley, outgoing president, spoke in favour of the offer. He has no vote on on the executive, however.

One explanation offered last night was that the moderates were trying to set a trap for the Left and its candidate for the presidency, Mr Arthur Scargill, Yorkshire area president. According to this theory, the vote was a ploy to delay settlement and encourage the Left to extremes of militancy which would alarm Mr Scargill's supporters and the majority of rank and file miners.

Such a ploy could backfire if the Coal Board refused to make the minor adjustments which the moderates are hoping for and their presidential candidates are left committed to rejection of the offer.

The four candidates for the presidency, formally introduced at a Press conference in the NUM's London headquarters, explained why they thought the offer was not good enough. They all denied that union politics had anything to do with the vote.

After they left, however, Mr Gormley summarised the prevailing view by saying that there was a danger that each candidate would try to out-do the other and that the situation might get out of hand.

Mr Scargill, the front-runner in the campaign, is being opposed by Mr Ray Chadburn, Nottinghamshire president, Mr Trevor Bell, secretary of the white-collar section, Cosa, and Mr Bernard Donaghy, north-western president. The presidential ballot is on December 2-4.

Laker likely to sell aircraft to ensure long-term viability

BY ALAN FRIEDMAN

LAKER AIRWAYS is likely to dispose of at least one of its fleet of aircraft, probably a A-300 airbus. Senior bankers involved in the rescheduling of $300m (£159.6m) in dollar debt said yesterday the disposal would be likely to enable the airline to reduce debt and ensure its long-term commercial viability.

It was stressed, however, that the possible sale tof aircraf might not be a formal condition of the debt rescheduling package, which is nearing completion. This agreement will involve a 12-month delay on the repayment of capital by Laker Airways to the two loan syndicates led by Midland Bank International and Eximbank, the U.S. Government-backed bank.

At Eximbank in Washington D.C. an official denied reports that the rescheduling package was already complete. "We are still waiting. There are still a few banks to be heard from."

In London, talks were still taking place yesterday among members of the 13-bank Midland syndicate. Midland's group of banks provided Laker Airways with $131m to help purchase three airbuses.

American bankers, meanwhile, said they were not pressing Sir Freddie Laker to restructure the capital base of Laker Airways International, the private holding company which is 90 per cent-owned by Sir Frieddie and 10 per cent by his former wife.

Sir Freddie was said by the company to be in the U.S. for the next few days, but would be issuing a statement by early next week.

Bankers in London and Washington have been racing to conclude a debt rescheduling package for Laker Airways by next week when the second 30-day deferall of $12.6m in Eximbank debt repayments is set to run out.

At meetings held at Midland Bank's London headquarters last week a series of rescheduling options were considered. Midland Bank accounts for just $16m of overall debt exposure.

Midland Bank, besides having led the Laker loan swndicate, is also the designated British bank for financing of aircraft sales by Airbus Industrie.

Three U.S. banks cut prime to 16½%

By David Lascelles in New York

CHASE Manhattan Bank, Continental Illinois and First National Bank of Chicago, the third, seventh and ninth largest U.S. banks, yesterday led a further round of cuts in the prime rate. They reduced their rate to their best corporate borrowers from 17 to 16½ per cent, bringing the prime to its lowest level this year.

Other U.S. banks are expected to follow the move as lower money market rates reduce their funding costs.

European money market rates moved lower following the prime rate cut. Three month eurodollar interest rates fell ⅜ of a per centage point to 13⅝ per cent, their lowest level for more than a year. Euro D-Mark rates fell ⅛ to 10⅞.

In the UK, period money market rates eased about ¼ of one per cent. But the possibility of substantial shortages today as a result of a £705m call on a recently issued government stock limited the decline in shorter rates.

UK Government bond prices rose by up to a point and the FT industrial ordinary share index closed 10 points higher at 518.2, its highest level since mid-September.

In European foreign exchange markets the dollar lost ground to most major currencies. The pound rose 1.6 cents to $1.8950 and its trade weighted index rose 0.2 to 89.4.

Yesterday's prime rate cut was a psychological boost for U.S. markets because it broke the prime rate out of the high range where it has stuck for over a year, and which took it to a record 21½ per cent last December. The prime rate was last below 17 per cent exactly a year ago, though historically it remains at a very high level.

The new air of optimism on Wall Street set off a powerful rally in the bond markets. Short term interest rates continued to fall early yesterday. The New York Stock Exchange registered an early advanve.

Bankers trace Wall Street's optimism to the success of last week's large $8.75bn (£4.6bn) U.S. Treasuring borrowing exercise. This boosted confidence that the markets will be able to handle the Government's large borrowing needs

There is also a belief that the Federal Reserve Board is keen to allow interest rates to come down, even if it is not pushing them in that direction.

Alan Friedman writes: Du Pont, the biggest U.S. chemicals

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Tea break strike threatens growing BL Cars crisis

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS looked set for another crisis last night as 2,200 workers at the Longbridge, Birmingham, plant voted to continue their strike in protest at planned cuts in tea breaks.

The dispute has halted assembly of the Mini, Allegro and Metro models. More than 3,000 workers have been laid off. It is only a question of time before most of the 14,000 Longbridge workers are made idle and the stoppage spreads to supplier factories such as Swindon.

The anger and determination of the strikers is indicated by the fact they will not meet again until next Thursday, according to Mr Brian Mathers, Midlands secretary of the Transport and General Workers Union.

"The company has misjudged the mood of the workforce. The lads are clearly prepared to fight."

BL appeared calm last night in the face of a strike, the strength of which has surprised even union officials. The walkout is seen as a reflection of resentment at the company's success in breaking a strike last week by the 58,000 manual workers and successfully imposing a 3.8 per cent pay deal.

The company insists the Longbridge dispute is unnecessary and says no further talks are planned with the unions.

But BL's options to break the strike deadlock are limited. Negotiations with the trade unions on the reduction of tea breaks, which is related to the introduction of the 39-hour week this month, have broken down at national, district and shop floor level.

Sir Michael Edwardes, BL chairman, in his successful efforts to defeat last week's pay strike, held talks with the national leaders of the trade unions, the TUC, the leader of the Labour Opposition and the Advisory, Conciliation and Arbitration Service.

Union officials in the Midlands say that exercise exhausted any fund of goodwill. The change of management style they expected after the crisis pay talks with Sir Michael had not been forthcoming.

BL insists the only effective way of funding the shorter working week is through a reduction in the relaxation allowance—the time given for tea breaks and rest periods.

The company says that although the trade unions have acknowledged the one hour cut should not increase manufacturing costs, they have not come forward with constructive alternative proposals.

Leyland Vehicles to cut jobs, Page 7

How Honda sees BL, Page 26

BL, Honda sign deal, Back Page

Industrial output shows steady, slow recovery

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

INDUSTRIAL OUTPUT shows signs of a steady but slow recovery from two years of recession, according to official figures published yesterday.

The Central Statistical Office figures lend support to Government hopes that the recovery phase is under way. They show a marked increase in the chemicals sector and a modest improvement by the consumer goods and engineering industries.

For the third quarter of the year compared with the second, the index for manufacturing industries was up 1.5 per cent, that for chemicals, coal and petroleum products 5 per cent, and that for engineering production by 2 per cent.

The September index of production for all industries rose only slightly compared with the August figure, to 99.8 (1975=100). The three-month index edged upwards by a modest ½ per cent. This reflected that improvements in some sectors were offset by falls of about 2 per cent between the quarters in metal-manufacturing and in the gas, electricity and water industries.

The figures indicate output to be at the more optimistic end of the range suggested by the Confederation of British Industry in its latest situation report.

North Sea oil and gas production for the third quarter increased after a slight fall in the second quarter, to reach the record level achieved in the first quarter.

Although the output figures received a cautious welcome, officials say that as new data arrives the figures will be subject to revisions which could

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EUROPEAN NEWS

Solidarity told to control members or face strike ban

BY CHRISTOPHER BOBINSKI IN WARSAW

A LEADING Polish Communist Party official has warned that strikes will be banned if Solidarity does not adopt a more vigorous policy against industrial stoppages.

The warning was delivered by Mr Stefan Olszowski, an influential Politburo member in a speech to party activists in Legnica.

Mr Olszowski also said that Solidarity would not be permitted access to the media, an essential union demand.

"The party cannot give way here as propaganda in the Socialist system is an element of power," he said. "We are ready to write a lot about Solidarity even in the party Press if the union's activities are constructive," he added.

In a sign that the freedom of manoeuvre of General Wojiech Jaruzelski, the party leader, is limited, Mr Olszowski said any form of "coalition" government was out of the question.

According to Mr Olszowski, any reforms in government would take place within the framework of the Communist Party and the two satellite groupings, the Democratic Party and the Peasant Party, which would be given a greater role.

The implication is that other groups like Solidarity which would agree to participate in the Front of National Agreement would have a secondary role.

The Government has confirmed that it will talk to the union on demands which include access to the media and independent control over Government economic policy. A preliminary meeting will probably take place next Tuesday.

Meanwhile, another meeting between Gen. Jaruzelski, Mr Walesa and Archbishop Glemp, the Church Primate, tentatively arranged for today, has been postponed.

Mr Walesa yesterday travelled to Zielona Gora to try to resolve the three-week strike. He stopped at Wroclaw, where a three-day strike by newspaper vendors is spreading.

The strike at the Sosnowiec colliery, where Gen. Czeslaw Piotrowski, Mining Minister, has promised to talk to strikers following a visit there by Mr Walesa on Wednesday, is continuing.

Bid for Belgian coalition

BRUSSELS—King Baudouin of Belgium yesterday asked Mr Herman Vanderpoorten, a member of the Flemish Liberal Party, to consult political leaders to try to find the basis for a new coalition Government.

The decision, announced by palace, followed three days of discussions between the King and party leaders after last Sunday's inconclusive general elections.

Mr Vanderpoorten, 59, has held the posts of Interior Minister and Justice Minister and was Deputy Prime Minister for five months last year.

After their election success, the Liberals now have 51 seats in the 212-member Chamber, and have stated their readiness to participate in a new coalition. Reuter

D-Mark falls below 80 Swiss centimes

By John Wicks in Zurich

THE DEUTSCHE MARK dropped to below 80 centimes on the Swiss foreign exchange market yesterday, breaking what had been considered a "magic frontier."

This is the first time in over three years that the Deutsche Mark has been so low against the Swiss franc. As recently as mid-August, the exchange rate had been as high as 87 centimes.

After the Swiss franc had reached an all-time high in September, 1978, the Swiss National Bank said it would in future aim to keep theh Deutsche Mark at "noticeably above 80 centimes."

Although this policy was never officially revoked, Dr Fritz Leutwiler, the Swiss National Bank president, said at a Berne Press conference last month that foreign exchange goals might change with circumstances.

In fact, the bank has been intervening on the market, primarily in support of the Deutsche Mark, since this fell to below 84 centimes last month.

While foreign exchange interventions are generally made in dollars, the latest bank report states that in the first 10 days of November, it bought both dollars and Deutsche Marks.

● Zurich Cantonal Bank said it will raise interest rates on existing mortgages by half a percentage point to levels between 6 and 6¼ per cent, depending on the type of borrower.

Existing residential mortgages will rise to 6 from 5¾ per cent and commercial and industrial rates will rise to 6½ from 5¾ per cent, both effective from March 1 1982.

The bank is the market leader for Swiss mortgage rate changes.

ROME'S PLANS TO SALVAGE STEEL INDUSTRY

Italian union jeers at tough talking

BY RUPERT CORNWELL IN ROME

IN GREEK tragedy, the messenger who brought bad news often paid with his life. That fate did not befall Sig Gianni de Michelis, Italy's Minister of State Shareholdings, when he went to the Breda steelworks near Milan last week to explain why the plant was scheduled to lose 1,400 of its existing 3,000 jobs over the next four years. But the parallel broadly holds true.

Breda is part of the publicly owned Finsider steel group—and Finsider today is little short of a tragedy. Today, Sig de Michelis goes to Brussels to outline to a sceptical European Commission the Rome Government's $6.2bn (£3.3bn) plan to save the debt-ridden state steel industry from bankruptcy. First, however, he delivered the message to Breda in different terms, amid the whistles and jeers of 1,000 workers packed into the company canteen at Sesto San Giovanni on the outskirts of Milan.

Sesto and Breda are an illustration of old working areas and industries in trouble as never before in this autumn of Italian economic troubles—not just around Milan, but in Turin, Genoa or anywhere else you care to name. But the occasion itself was also a perfect cameo of the interlocking problems of Italy's economy, its industry, and its politics. All of them meet in the state sector, whose three biggest corporations IRI (which controls Finsider), ENI and Efim are set to lose $3.3bn (£1.8bn) in 1981 alone.

Steel is the biggest headache of all. For perhaps the first time ever, an Italian Minister spelt out the truth, not in the abstract format of a newspaper interview, but in person to those on the shopfloor front line, who stand to suffer most.

"I haven't come here to be cheered, not even to ask you to stop whistling, just to listen," he shouted. "The facts are these: the state steel sector will lose L1,850bn (£874m) this year and that's the proof of an industrial system that's dead. We've all made mistakes, for many years, and of course your main concern is your jobs and your children's prospects. But what hope is there for the 90,000 jobs at Finsider if we go on like this?"

Whatever else Sig de Michelis can be criticised for (of which more later), his courage is not in question. "I've known ten State Shareholdings Ministers, but not one ever came into the factory," said the man from the main union confederation, before proceeding to reject the plan, at least as it applies to Breda. As a Socialist moreover, Sig de Michelis was taking his reputation in his hands in front of an audience prediminantly made up of Communists, whose relations with the Socialists have rarely been worse than they are now.

"Dear comrades . . ." the Minister began, before being drowned in jeers. "When did you ever do manual work?" Someone yelled from the back. But Sig de Michelis went on defiantly and to increasing respect: "This crisis can't be reduced to slogans. The steel crisis is all over Europe and the world, and Italy can't avoid it."

Italy's steel difficulties are particularly complex. Not only does the industry produce too much, but it is weak in special steels—a deficiency largely responsible for Italy's record 8.7m tonnes of imports last year accounting for 40 per cent of national consumption of flat steels. The aim of the Government's plan is to concentrate this production at Piombino in Tuscany. At Breda, two electric furnaces will close as part of the rationalisation.

Even so, the plan is mild by the severe standards elsewhere in Europe. A key part of it will be an alliance, almost finalised, with Teksid which is the special steels arm of Fiat, Italy's biggest private industrial group. Between 5,000 and 8,000 jobs will go, but as Sig de Michelis insisted: "We haven't chosen the hard road like Britain. In Europe, 230,000 jobs have gone in the steel industry in six years." For Finsider, most of the cuts will come by natural wastage, but even that is painful medicine as lay-offs continue throughout public sector industry.

But is it painful enough for Brussels? The moment for Sig de Michelis' plan looks more propitious than it was in March, when a first effort at a steel plan ran into problems with the EEC.

In that light, Sig de Michelis' tough talking this week is a calculated bid to soften the Eurocrats' hearts. But there is no doubt that he means what he says. His tenure at the Ministry has brought a breath of new realism to the state sector. It was partly at his instigation that the state gave up its 50 per cent control of Montedison, Italy's largest chemical group, returning it entirely to private hands.

The Finsider/Teksid negotiations and contacts between Fiat and Alfa Romeo, the loss-making car group controlled by IRI-Finmeccania, are a sign of Sig de Michelis' determination to bring a more entrepreneurial "private" mentality to the highly politicised public sector. That this is being pushed through by a Socialist, while his political counterparts in France are busy nationalising all and sundry is one more Italian paradox.

But there may well be more to it than that. Few doubt Sig de Michelis' ambitions and his high profile over the steel affair is interpreted by many as underlining his goal of becoming an independent force within the Socialist Party, who even Sig Bettino Craxi, the party leader, cannot ignore. In wider terms, success in sorting out what he described at Breda as "Italy's biggest single economic problem" would enhance the party's credentials as it bids to take over the helm of Government.

Where both Minister and unions are on common ground is the insistence that management must share the consequences of what has happened in the past. But the sceptics argue that Sig de Michelis might be just bringing in his own men at the top in the best traditions of the political empire building which has helped bring the public sector to its present pass.

However, all that is a long way from the works canteen at Breda and the need, on which everyone agrees, that somehow this destruction of national wealth represented by the losses of the steel industry must stop.

COMMISSION ACTS ON AIDS CODE

THE EUROPEAN Commission has moved to stiffen its policing of the EEC steel aids code in advance of the industry ministers' informal meeting in London on December 10 that will review steel strategy, writes Giles Merritt in Brussels. It announced yesterday that it had approved a £360m government cash injection for the British Steel Corporation, but also revealed that it is taking legal action against France, Italy and Belgium for failing to notify aid transfers in line with the aids code.

Sign of times at French newspaper

By Mark Webster in Paris

THE SIGN sprayed in paint the office wall read: "Dang no hierarchy in this zone." was a warning to the more co servative elements on the st of France's radical newspap Liberation, that the producti side was opposed to some the sweeping changes which a being introduced.

Born after the troubles May 1968, Liberation evolved into a daily newspa with a circulation of 60,0 Last February it closed for t months before reappearing a jazzier, less radical newspa and it is still undergoing growth pains of its recent s cess.

The changes have not be introduced easily. When paper decided by a major vote to alter its image, nea one third of the staff resign The extreme Left which nur Liberation through its troub infancy believed that changes marked the end of era

Since then, M Serge July, editor, has tried to concoc formula somewhere betwee serious newspaper and Priv Eye in Britain. The conte reflect the same strand irreverence and anti-establ ment feeling as the origi Liberation. But foreign n is written without overt p tical bias and a daily page economics has been introdu

Internal changes have shi the paper slowly from chaotic early days, when staff swapped jobs so that day an employee could be w ing stories and the next sw ing the floor. In the most re vote, Liberation's 170 employ approved a series of meas which will radically change structure.

Once the details are wor out, Liberation will carry advertising, institute a h archical system of paying w in some parts of the organ tion and try to borrow FFr (£952,000) from commer banks to meet its short-t financial needs.

Until the recent chan Liberation was in sound fi cial health. But the moves its new three-storey prem in one of Paris's sleez quarters, pay rises for the s and additional running c have created a consider financing gap.

The management is optimi and points to the fact that e though its FFr 3.50 cover p is higher than any other d it has managed to put on 20 to its circulation.

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Denmark's parties reach out again for elusive workable majority

BY HILARY BARNES IN COPENHAGEN

TEN-PARTY Parliaments, minority Governments and elections every two years have become the Danish political norm over the past decade. General elections are invariably caused by failure to agree on economic policy, and yesterday's defeat of the Social Democratic minority Government was no exception.

The two dominant economic problems are unemployment, which is about 9 per cent and still rising, and the disastrous prospects for investment in agriculture, manufacturing and housing, caused by interest rates of about 20 per cent on long-term loans.

The Government has been working for over a year on a scheme to force pension funds and life assurance companies to invest a share of any increase in their assets in so-called productive investment. The rationale is sound enough. At the moment, these institutions, which do not pay tax on investment income, are making real, after-inflation, returns of about 10 per cent by investing in Government bonds.

However, the Government's scheme has foundered on objections from the central bank, the financial institutions themselves, and finally the opposition of the three parties—Radical, Centre Democrat and Christian—which have supported government economic policy since the 1979 election.

Lurking behind the superficial problems of short-term economic management are intractable ideological differences. The pension fund scheme is an example of the Social Democrats' belief in dirigiste solutions. Their reluctance once again to compromise with their supporters reflects growing frustration in the party and, among their paymasters in the trade union movement, about failure to make any progress towards policies ronted in social democratic ideology.

The choice next month will be between a new mandate for the Social Democrats or a minority coalition between the two main opposition parties—the Liberals and the Conservatives.

It is anyone's guess what the outcome will be as the basic parliamentary dilemma, the lack of a workable majority on either Right or Left, is unlikely to be resolved. On the Right, the tax-revolt Progress Party will complicate any attempt by the Liberals and Conservatives to form a stable administration. On the Left, the Left Socialists are unacceptable to the Social Democrats, so that in the centre the politically androgynous Radical and Single Tax parties will probably continue to hold the balance.

Voters, however, will be offered a clear choice between economic policy alternatives. The Social Democrats are promising to create 50,000 jobs a year over the next three years, with the pension fund scheme at the heart of their programme. They also want compulsory profit-sharing

The Liberals and Conservatives, who have drawn close over recent months in an effort to present a clear and credible alternative to the Social Democrats, are promising to revive the working of the market economy. Last week, they presented a joint programme in which the main points were a cut in public spending by DKr 14bn (£1bn) or about 6 per cent next year, and cuts in business taxes amounting to about DKr 5bn.

Paris attack on U.S. diplomat

By Our Paris Staff

THE U.S. chargé d'affaires in France is to have police protection following an attempt on his life yesterday. A gunman fired six shots at Mr Christian Chapman as he left his house. No one was hurt.

Police said they were looking for a bearded man aged about 30 with Middle Eastern features. No organisation has yet claimed responsibility

Mr Chapman has been in Paris since December 1978 and for the past two months has been running the U.S. mission in the absence of an ambassador.

The Frankfurt runway dispute threatens to undermine the Bonn coalition, writes **Kevin Done**

Greens draw grass-root strength from airport fight

ROLLS of barbed wire ...e edge of the pine and ...h woodlands on Frank...s southern fringe are still ...—and new. Workmen are ...g around the clock piling ... foundations and erecting ...ot high concrete walls ...ed by more entanglements ... rolls of so-called "Nato" —sharper and more jagged.

...c lamps, high up on ...olding towers allow the ...to go on at night. Groups ... West Germany's federal ...ler police patrol the peri...er, warming themselves ...nd occasional camp fires to ... the cold and the first ...ter snowfalls, waiting for ... next incursion. Backing the ... patrols is a formidable ...y of armoured cars and ...r cannon protecting the ...dozers and earth-movers ... are busy gouging out part ...e forest.

...or more than 10 years ...nkfurt airport authorities, ...ported by the federal and ...rincial state governments, ...e patiently fought their way ...ugh objections at every ...l of West Germany's legal ...em to win the right to build ...ew runway to relieve the ...ort's strained capacity. ...ing won the legal fight they ... now having to battle ...rally for each yard of wood...d they need for the new ...p.

...o hold the ground newly ... after sometimes violent ...hes with thousands of de...nstrators they are building a ...ified construction site. In...e the concrete barriers the ...s are already falling, but ...side the battle is still to ...ch its climax.

...he new runway—"startbahn ...st"—for Frankfurt's inter...ional airport has become the ...st symbol in the Federal ...public for the increasingly ...lent clash between the ...horities and environmen...ist protest groups. In such densely populated country, space for major new building projects, be they motorways, new railways, nuclear power stations or new airports, can barely be found without encroaching on local environmental interests.

Riot police storm across a ditch as they evict environmentalists from a makeshift village set up to block construction of the new runway

For more than 10 years the fight was comfortably contained in the country's convoluted legal system, but with the appeal system finally exhausted, objectors decided the only way to continue to pursue their case was through "non-violent resistance."

Last summer local action groups began to build a village of wooden huts in the woodlands on the southern fringe of the airport directly occupying the land needed for the new runway. More than a hundred people moved in. A wooden chapel was built, church services were held, children baptised and only the scream of jets taking off disturbed the idyll.

For the authorities the village was a provocation. The ruling coalition in the state of Hesse, made up like the coalition in Bonn of Social Democrats (SPD) and the Liberal Free Democrats (FDP) has been determined to show that in a world of apparently narrowing options, it still had the ability to act decisively. While Chancellor Helmut Schmidt and the coalition in Bonn fell into a trough of depression and indecision after last autumn's general election, the administration in Hesse under the robust leadership of Herr Holger Börner has been determined to *show itself* capable of strong government.

Herr Börner nailed his colours and his personal prestige to the airport project. He also strove to offer leadership on nuclear power, and while politicians in other parts of Germany equivocated, he put his Government's support clearly behind the building of a nuclear re-processing plant in Hesse.

Opposition forming at the grass-roots of the SPD has been steam-rollered by Herr Börner through the tactic of making votes on the airport and nuclear policy hinge on votes of confidence in his personal leadership.

His stance, however, could be political dynamite for the SPD —not only locally in Hesse—but also nationally. The state *government faces new elections* next autumn and the omens are not very promising. Nationally, SPD support is currently at its lowest level for years. The SPD/FDP votes provided by Hesse in the Bundesrat, the upper house of the federal parliament in Bonn, are all that stands between an absolute two-thirds blocking majority for the conservative Christian Democrats in this chamber. If the SPD and FDP fall in Hesse, there will be grave consequences for the coalition's ability to pass new legislation in Bonn.

Herr Börner maintains that strong, coherent leadership must be the main vote-winning card, but there are already signs that SPD support is slipping away at the grass-roots. In local elections earlier this year the Greens, the new ecological movement, made sweeping gains in communities threatened by major building projects.

In Mörfelden-Walldorf, centre for the airport opposition movement the Greens took 25 per cent of the vote. In a community in north Hesse, the chosen site for a nuclear fuel re-processing plant, a citizens' action group won no less than 41 per cent of the votes from a standing start.

There is increasing frustration in West Germany, particularly among the young, that their beliefs are not reflected *by the established parties.* On a national level that feeling is fuelling the peace movement and, more locally, providing growing support for the ecological movement.

Last week the authorities in Hesse decided enough was *enough.* With *thousands of* police and border guards brought in from all over the country they moved in to demolish the wooden village on the runway site. With local church bells sounding the alarm—there are also serious *disagreements between* the authorities and Protestant church leaders—more and more demonstrators flocked to the site.

Non-violent resistance was the watch-word, but after several hours tempers snapped. In increasingly ugly clashes between police and demonstrators both sides resorted openly to force. The demonstrators took up sticks, stones and shot steel balls from catapults. The police responded with sometimes wild baton charges, tear gas and water cannon.

The demonstrations and protests spilled over into the centre *of Frankfurt. The main station* was occupied and cleared by force, shop windows were broken, a small bomb exploded under the station and there were attempts to set a bank on fire. The police came out in force on the streets backed *again by water cannon,* armoured cars and helicopters.

The next display of dissent will be made tomorrow in Wiesbaden, the state capital of Hesse. Up to 100,000 demonstrators are expected from all over Germany to back the protesters' *claim* for a plebiscite in Hesse on Startbahn West.

The procedure is complex and the issue will almost certainly go first before the Hesse constitutional court which will have to examine the eligibility of the protesters' proposed law. If they win there they will then have to mobilise 20 per cent of Hesse's voters—around 800,000 —to sign a further petition calling for the plebiscite. If it comes to a final vote a simple majority of voters will suffice for victory.

Whether it comes to a plebiscite or not, however, West Germany's ecological movement has come up with its most powerful campaign to date and the established political parties *have so far shown themselves* incapable of a convincing response.

Calvo Sotelo tries to gain control of party

BY TOM BURNS IN MADRID

THE SPANISH Prime Minister, Sr Leopoldo Calvo Sotelo, will attempt today to take over the top post of his ruling Union de Centro Democratico (UCD) at a meeting of the party executive committee.

His aim is to bring to an end the faction fighting which has riven the party, and is the first step in a strategy to shift both the Government and the party towards more conservative positions. He is also seeking to eclipse the influence over the *UCD exercised by Sr Adolfo* Suarez, the former Prime Minister.

Sr Calvo Sotelo is already assured of a majority on the executive that will permit him to move a no-confidence vote in the chairmanship of Sr Agustin Rodriguez Sahagun, a Suarez protege, who for the past 10 days has refused the Prime Minister's requests to resign.

The meeting, expected to continue on Saturday, is viewed by Madrid politicians as a "night of the long knives" which will clarify the party's power structure and ideological definition but which could provoke damaging divisions.

The strength of the Centrist Party, which Sr Suarez led to two general election victories since Gen Franco's death, has been its broad political mixture that loosely embraced progressives and neo-Francoists. Anticipating the shift to the Right, key Social Democrats, led by Sr Francisco Fernandez Ordonez, the former Justice Minister, left the UCD last week saying the *party was fast losing its centrist* and reformist image.

Under the chairmanship of Sr Rodriguez Sahagun, the executive committee has acted as a form of watchdog striving to preserve the progressive and populist image that Sr Suarez cultivated. Its incompatibility with the Government came into the open last September when it blocked Sr Calvo Sotelo's attempts to include non-party members into a streamlined Cabinet.

The expected takeover of the party machinery by the Prime Minister will be followed by the *long overdue shuffle of the* cabinet which he inherited from Sr Suarez. The Prime Minister is under strong pressure from the financial and business sectors to steer the Government and the party towards an understanding with Sr Manuel Fraga Iribarne's conservative Popular Alliance Party. This edged the UCD into second place at regional elections in Galicia last month.

In the strained atmosphere of party bickering that has overtaken Spanish political groups, one power struggle was expeditiously resolved yesterday when the central committee of the Communist Party expelled six of its members who refused to recant their opposition to the leadership of Sr Santiago Carrillo, the secretary-general.

The veteran Sr Carrillo emphasised the necessity of party discipline and said, ironically, that he did not want the Communists turned into a "left-wing UCD." The central committee vote, at the end of a marathon two-day internal debate, was 67 in favour of the expulsions with 24 against and eight abstentions.

Setback for Greek shipowners

BY VICTOR WALKER IN ATHENS

...EEK SHIPOWNERS gained ...le comfort at their first meet...g with Mr Andreas Papan...eou, the new Prime Minister. ...ey apparently failed to obtain ...m assurances that no actions ...uld be taken affecting the ...mpetitiveness of the industry ... the continued growth of the ...eek-flag fleet.

...Leaders of the Union of ...eek Shipowners sought to ...tain specific assurances from ...eece's first-ever left-wing ...vernment that there would ... no radical changes in the ...al and tax structure in which ...pping companies operate.

...Owners have been made par...ularly uneasy by suggestions that Greek seamen could be found to crew all 4,000 Greek-flag ships if the conditions were right. They believe the country simply does not have sufficient population, especially at a time of virtual full employment ashore, to provide this kind of manpower. Furthermore, another substantial increase of crew costs would simply price Greek shipping out of the international market.

They argue that the best answer is supplied by bilateral crewing accords with seamen's unions of developing Asian countries for the provision of lower-deck crews.

● Greece's balance of payments in the first nine months of this year was marked by disappointing performances by invisibles, a surge in invisible payments and a sharp decline in private inflows, official figures show.

The imports bill rose 6.8 per cent to \$8.52bn. Exports rose by more than \$500m to \$3.61bn. The trade deficit at the end of September stood at \$4.91bn, against \$4.88bn a year ago.

Invisible earnings rose 6 per cent to \$4.81bn, but none of the three main sources performed to expectations. The number of tourists were up 20 per cent but receipts rose only 9.1 per cent to \$1.5bn.

AMERICAN NEWS

Stockman under attack

BY DAVID BUCHAN IN WASHINGTON

MR DAVID STOCKMAN, U.S. Budget Director, said yesterday he had not offered to resign in the deepening controversy over a magazine article in which he was quoted as casting doubt and aspersion on key parts of the Administration's economic programme.

Some fellow Republicans yesterday joined opposition Democrats in criticising Mr Stockman for his remarks—contained in a lengthy interview in Atlantic Monthly. He had said that this year's spending cuts had been too hastily planned and ignored waste at the Pentagon and that the Reagan tax cut was "a Trojan horse" designed to favour the affluent.

Mr "Tip" O'Neill, the senior Democrat who is the House Speaker, called these "devastating admissions," reinforcing exactly the criticism that the opposition had made all year.

President Reagan agreed to meet Mr Stockman in the afternoon, presumably to discuss Mr Stockman's comments.

Wounded by Mr Stockman's de-bunking of supply-side tax theory, Representative Jack Kemp dissociated himself publicly from the Budget Director's comments.

In the article, Mr Stockman was quoted as saying: "I've never believed that just cutting taxes alone will cause output and employment to expand." This has been the credo of Mr Kemp and other Republican supply-side theorists.

Mr Stockman's star had appeared to be on the wane, eclipsed by a rise in the standing of Mr Donald Regan, the Treasury Secretary, even before the article came out.

The timing of the article was acutely embarrassing for the President, who will be asking Congress next January to make a fresh onslaught on public spending to contain recession-swollen federal deficits.

Mr Stockman's Budget Office has not denied the veracity of the article's quotes, claiming only that they were grossly misleading.

Mr William Greider, the article's author, said it had been agreed with Mr Stockman that the piece would be published "after the season's battles were over." Evidently Mr Stockman hoped that this meant some time in the middle of the Reagan term, not before its first year was out.

Plan to cut civil rights bureaus

BY DAVID BUCHAN IN WASHINGTON

THE REAGAN Administration is considering a plan to centralise all federal enforcement of civil rights laws in the Justice Department, a move which critics say would weaken anti-discrimination efforts.

The plan, involving a phasing out of civil rights bureaus in other agencies, is the brainchild of a Republican group on Capitol Hill.

The Administration welcomes it as a cost saving, and because the civil rights bureaucracy in Washington is felt to have grown too large and dffuse.

The U.S. black community is already suspicious of Mr William French Smith, the Attorney General who runs the Justice Department. It was he who pushed President Reagan into calling last week for modification of the 1965 Voting Rights Act. White House aides had judged that this would lower the Administration's political standing with black voters.

The plan under consideration would abolish the Office of Federal Contract Compliance.

Brazil's President resumes work

By Andrew Whitley in Rio de Janeiro

PRESIDENT Joao Figueiredo of Brazil resumed office yesterday after an absence of nearly eight weeks following a heart attack.

During his absence Brazil has been led by Sr Aureliano Chaves, the civilian vice-president, with the consent of the military leader. The smooth passage of the interregnum is being hailed as positive evidence that Brazil is firmly set on the road back to full democracy.

In a brief handover ceremony yesterday, Gen Figueiredo said he was returning with the same targets as before—to obtain "democratic normality" in a peaceful manner, within the bounds of "law and order."

The ceremony in Brasilia was attended by the presidents of the Supreme Federal Tribunal, the Senate, the Chamber of Deputies, Government Ministers and the Head of the government party, the PDS.

No major initiatives or decisions were taken during Sr Chaves' 55 days as Brazil's president, deferring a series of headaches until the return of Gen Figueiredo. The most pressing problem of all is the disarray in the ranks of the PDS, which this week lost its absolute parliamentary majority.

During his term in the top office, the vice-president appears not to have put a foot wrong, though there was some criticism that his profile was so low that *he was almost invisible.* Some suggestions were made that it was really Sr Leitao de Abreu, the head of the President's civil household, who was running the country in alliance with the generals.

Historically, "order" has been a constant Brazilian theme. Along with "progress" it is the emblem on the national flag. But on this occasion, the emphasis on law and order can be seen as reassurance to a specific constituency — the armed forces — that their interest and concerns will be safeguarded in the months to come.

The speed of the "abertura" programme, denoting the opening up of the country after 17 years of sometimes harsh military rule, is generally regarded to have slowed down in recent months, following the sudden departure of Gen Golbery, the President's long-time right-hand man, and his replacement by Sr Leitao de Abreu.

None the less, looking back over the weeks when Sr Chaves was in charge, yesterday's Brazilian Press was in agreement that it had been a good dress-rehearsal for the hoped-for take-over of an elected civilian president in early 1985.

Haig hits at Cuba 'risk to peace'

WASHINGTON—The U.S. is taking steps to show that the risks of Soviet-supported Cuban "interventionism" in Central America go beyond any strategic advantages sought by Moscow and Havana, Mr Alexander Haig, Secretary of State, said yesterday.

He was being questioned before the House Foreign Affairs Committee about recent reports of U.S. contingency plans involving possible military moves against Cuba to retaliate for Cuba's support for Leftist guerrillas in El Salvador.

Mr Haig replied that there was now an "increasing level" of Cuban activity in the Western hemisphere in the wake of Cuba's despatching of troops and advisers to Angola, Ethiopia and South Yemen during the late 1970s.

"I think it behoves the U.S., as we have done, to make it clear to all concerned that this kind of activity is a profound danger to world peace and stability," he declared.

Mr Haig also criticised "the growing totalitarian régime in Nicaragua" and refused to rule *out U.S. involvement in possible* attempts to destabilise Nicaragua's Cuban-backed Sandinista régime.

● A United Nations report on aid to Nicaragua in the past three years shows that Libya had made the biggest loan—$100m (£55m)—and Cuba the biggest donation in cash and kind—$42.5m.
AP

Reagan is slow to introduce gas decontrol, writes Paul Betts

U.S. oil 'bogeymen' look glum

AMERICA'S top oilmen were barricaded inside the cavernous Conrad Hilton hotel in Chicago this week for the annual meeting of the American Petroleum Institute, the industry's trade association.

Outside, in the cold sunshine of South Michigan Avenue, a group of 2,000 protesters from various consumer groups and union branches marched with placards proclaiming that "big oil stinks," carrying pictures of what they see as the overblown moguls who head the largest companies and chanting the usual slogans about the "big American oil rip-off."

By Chicago standards, the demonstration was positively mild. The police riding horseback or swaggering around the hotel entrance were good humoured. The oilmen inside seemed to think the whole thing added a little spice to an otherwise low-key annual meeting. The executives were saying the police were doing "a grand job." Senator James McClure from Idaho, one of the speakers, thought it would liven things up if the protesters were allowed into the hotel's grand rococo ballroom where the main sessions took place.

Although the colourful demonstrations were largely irrelevant—the protesters were opposing proposed decontrol of domestic gas prices a week after the Reagan Administration shelved its plans for gas deregulation — it was nonetheless an eloquent reminder that big oil in the U.S. still suffers from a bad public image.

Long after big steel and big cars in Detroit have stopped being the target of public abuse — indeed, their financial troubles have now made them subjects of open tenderness and sympathy—big oil is still perceived as a bogeyman. What is so surprising is that big oil, like big cars or big steel, has not been doing very well lately, especially in the refining and marketing end of the business.

Mr Joseph Grish, president of the Service Station Dealers of America, went as far as saying: "Never in the history of this industry has the market sector been in such utter disarray."

Prices at U.S. petrol stations have not come down dramatically, but neither have they increased to the levels some had expected. The oil industry, according to Mr Sam Van Sickle, the marketing vice-president of Amoco, the Standard Oil of Indiana subsidiary, has already had to close about 40 refineries in the U.S. this year. Refineries are running at 66 per cent of capacity compared to 85 per cent in 1979. U.S. oil companies are reducing marketing operations and in some cases they have been pulling out of some states.

Although all the big oil companies have continued to report substantial, albeit declining, quarterly profits, their refinery and marketing operations have been bleeding. Amoco, for example, lost $153.6m (£81m) in its downstream operations in the first nine months of this year. In the same period last year, it made a profit of $147.5m (£78m) from these same businesses.

Exactly a year ago, the country's oilmen assembled in San Francisco in what was a euphoric atmosphere, to say the least. It was big oil's party to celebrate President Reagan's landslide victory in the election only a week before. The atmosphere in Chicago this year, in spite of the food and drink in the hospitality rooms of the oil corporations, was somewhat glum.

James Edwards: "There's such a thing as timing in the political arena."

Preoccupied by falling margins in refining slumping demand for oil products, escalating exploration costs, reduced cash flows and the fickleness of shareholders, who by dumping their stocks have turned the industry into a wide-open take-over binge, the oilmen have now been disappointed by President Reagan.

They did not say so explicitly. In all the public speeches and statements, the oil industry renewed its full support to Mr Reagan and his economic policies. They emphasised the need for patience, for time to let this economic experiment work. Mr Clifton Garvin, chairman of Exxon, said Americans were unfortunately the most impatient people in the world.

But there was also a sense of underlying exasperation especially on the subject of deregulation. Three weeks ag Mr James Edwards, the ou spoken Energy Secretary, to a group of electric utili executives that the Administr tion would present its gas d regulation proposals to Capi Hill in the first week of Nove ber.

But this week in Chicago said Mr Reagan would probal propose deregulation ne spring.

What is worse for the industry is that not only h gas deregulation been put again but it now looks incre ingly likely that when and it is proposed it will be do in conjunction with a windf profit tax.

The oil industry is clea unhappy about a windfall pr tax on gas. But in Chica many executives seem resigned to the fact t if gas deregulation is to ahead they would have to p the price of a windfall tax.

In a sense, the U.S. oil ind try, which played as big a r as any in supporting Mr Reag in his successful campaign l year, feel they have been down. Although decontrol natural gas is the key issue the moment, it is not the o issue.

Another major demand the oil companies is to be giv greater access to federal lan For years, the industry h sought permission to drill a explore for oil and gas government controlled lan which, it claims, hold abo 50 per cent or more of t country's untapped energy sources. But Washington h so far failed to move as fast the industry has hoped in ope ing up these areas.

Venezuela oil sales 'to total £11bn next year'

VENEZUELA'S international and domestic oil sales will total more than $20bn (£11.1bn) next year, according to estimates made by the Finance Ministry for the 1982 national Budget. Kim Fuad reports from Caracas.

Export sales of an average 1.79m barrels a day will provide about $19.9bn based on an average $30.41 a barrel for crude and refined products.

Domestic sales of 395,000 b/d. at an average price of under $5 a barrel, will provide an additional $468m for total income of $20.3bn in 1982.

Fiscal earnings from oil in 1982 will come to over $14bn, while the state oil industry's after-tax earnings, including profits, investment reserves and interest derived from funds placed abroad, will come to almost $3.3bn, according to the Finance Ministry.

Warning over U.S. steel trigger price system

BY OUR WASHINGTON CORRESPONDENT

THE U.S. system of trigger prices on steel imports could easily be torpedoed by Europe, Japan or indeed the domestic U.S. steel industry, Mr Malcolm Baldridge, the Commerce Secretary, warned yesterday.

The system had been devised to suit the international steel community, he said. But it was not something that the U.S. Government was legally obliged to continue.

Mr Baldridge said he would have a last round of discussions with EEC Commission officials in Washington today. But the U.S. Government suits alleging the dumping and subsidising of steel sales by five countries — *including France and Belgium* — would probably be filed next week.

At the same time, he repeated his warning that the Administration would probably scrap the trigger price system if the U.S. steel industry were to file "a large number" of trade suits against steel imports on its own. The U.S. Steel Corporation has said it will do precisely this on December 1.

The Reagan Administration has urged domestic companies to leave it to Washington to take any action. Mr Baldridge hinted yesterday that his Department might initiate a second round of suits before the end of the month.

He said investigations would be complete next week into the shipment this year of suspiciously large quantities of structural steel from Britain, France, Spain, Canada, Romania, and South Africa. Results from these "surge" investigations might lead to formal suits, if evidence of dumping or subsidy were found, Mr Baldridge said.

Canada Bill may go to UK Parliament soon

MR PIERRE TRUDEAU Canada's Prime Minister, i likely before Christmas to sub mit his request to the Britis Parliament for the Canadia Constitution to be transferre to Ottawa, a Canadian Hig Commission official said i London yesterday.

A debate was likely in th Canadian Parliament befor the end of this month on th agreement between Mr Tru deau and the majority of th Canadian Provinces, the off cial said.

The Bill for the return o the Constitution, which ha been drafted in Canada, wi then come before the Britis Parliament.

Canadian Indians are plan ning to demonstrate in Lon don next week against M Trudeau's plans to have th constitution "patriated."

OVERSEAS NEWS

Saudis consider allowing new oil exploration

BY RAY DAFTER, ENERGY EDITOR, IN DHAHRAN

Sheikh Yamani

SAUDI ARABIA is considering opening up new oil exploration areas to international companies. Sheikh Ahmed Zaki Yamani, the Saudi Oil Minister, is studying the possibility of inviting exploration companies to search in areas outside of *the concession controlled by the* Arabian American Oil Company (Aramco).

These areas in the Eastern Province contain virtually all of the Kingdom's proven oil reserves, estimated at more than 173bn barrels.

Oil companies and the Government are convinced that there is much more oil and gas to be found in Saudi Arabia, particularly in an area between Riyadh in the Central Province and the Iraqi border.

Aramco partners — Exxon, *Standard Oil of California*, Texaco and Mobil—are thought to be among companies anxious to extend the search in Saudi Arabia which already has by far the world's biggest reserves.

At its present rate of production—8.5m barrels a day—Saudi Arabia has enough proven reserves to last about 56 years. Sheikh Yamani claims that the Government's official estimates of proven reserves are very conservative.

Members of Aramco—now an effectively nationalised com*pany—tend to be even more* conservative in their reserves appraisal, however. They estimate their own proven reserves at 113.5bn barrels although they believe that probable reserves (the amount expected to be recovered using existing technology) to be nearer 179 bn barrels. It is estimated that Aramco controls some 97 per cent of the Saudi reserves.

Significantly, Saudi reserves have continued to rise in spite of the very big increase in the *Kingdom's production* rate since the early 1970s. Aramco is continuing to find new fields in its concession area.

Sheikh Yamani said earlier this week that while nothing was planned immediately, it was a possibility that new exploration areas could be licensed to companies outside the Aramco partnership. European and U.S. groups are thought to have already expressed interest in possible new concessions.

Another route open to the Saudi Government is the commissioning of Aramco members to carry out explorations for a fee. The Kingdom would then gain additional knowledge of its reserves without the need for new licensing concessions.

Rebel force 'advancing into Chad'

By Our Foreign Staff

REBEL FORCES loyal to M Hissein Habrè, the former Chad Defence Minister, were yesterday reported to be advancing on a 100-mile front into Chad *from the Sudanese border.*

Reports from Agence-France Presse in N'djamena, the Chad capital, said the rebel forces had taken over the eastern border area from departing Libyan troops and had occupied the border post of Adre early yesterday.

Local garrisons loyal to M Ahmet Acyl, the Foreign Minister, were resisting the attacks, the reports said.

Fighting is reported to have been continuing since last Tuesday as an estimated 10,000 Libyan troops have continued their withdrawal from Chad, where they intervened in December last year to end the civil war between M Habrè's forces and troops loyal to Pre*sident Goukkouni Oueddei.*

In Washington, officials said the U.S. had received a request from Nigeria to help with transport and supplies in getting an African peace-keeping force to Chad, to replace the departing Libyans.

U.S. officials said Washington was inclined to help, but they would prefer the request to come officially from the Organisation of African Unity. ...eria apparently intends to provide 2,000 of a 5,000-strong peace-keeping force for Chad.

Zimbabwe Mines Minister warns on white racism

BY OUR SALISBURY CORRESPONDENT

In the third attack in less than a week on Zimbabwe's multinational mining houses —*the Minister of Mines,* Mr Maurice Nyagumbo yesterday warned that the Government would interfere with the private sector and expel white "racists" even if this had adverse effects on the economy.

"We are now going to interfere in the private sector to ensure that certain indivduals who have not changed their attitudes leave the country, irrespective of whether they are skilled," the Minister said.

He was speaking on a visit to Wankie colliery, the country's sole coal producer. *Wankie is owned by the* Anglo-American Corporation.

His warning follows similar criticism of white miners last weekend by the Prime Minister Mr Robert Mugabe.

This concerned attempts by foreign governments to prevent Zimbabwe from going ahead with its planned minerals marketing agency.

The criticisms come at a time when industry morale is at a low ebb. In recent weeks Wankie colliery, Rio Tinto Mining Zimbabwe and MTD Mangula have all announced disappointing financial results.

Mr Nyagumbo

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South Africa 'expects uranium fuel for plant'

BY DAVID WHITE IN PARIS

SOUTH AFRICA'S Electricity Supply Commission (Escom) has told the French builders of its first nuclear power station it expects to have the low-enrichment uranium fuel necessary for the plant, despite the current U.S. embargo.

Framatome, the French producer of nuclear pressure vessels, said it had received an assurance from Escom, but that it had not yet received the fuel.

The contract between the South Africans and a French consortium, which dates back to 1976, stipulates that the South Africans will provide the enriched uranium for Framatome to transform into fuel elements.

Pretoria's access to enriched fuel from the U.S. was cut off the same year under an embargo imposed because of its failure to sign the Nuclear Non-Proliferation Treaty.

Framatome indicated it expected to receive the fuel in the next few weeks. It denied it had supplied the South Africans with the enriched fuel in the Americans' stead.

The first of the twin reactors, Koeberg-1, is due to go on stream at the end of next year, and Koeberg-2 a year later.

Four main defendants in Sadat murder trial

By Anthony McDermott in Cairo

...JR PEOPLE, including an ...y officer, have been charged ...er an indictment issued yes...lay with the deliberate and ...meditated murder of Presi...t Anwar Sadat.

...ir Sadat was assassinated at ...military parade in Cairo on ...ober 6. The four were also ...used of killing seven other ...ple, and of the attempted ...rder of 29 people. Another ...men, described as "Moslem ...itants," were charged with ...plicity and conspiracy. ...ir trial is scheduled to start ...November 21. All 24 face ...death penalty.

...he four main defendants in...de Lt. Khaled Ahmed Shahk ...slambouli, charged with ...ding the attack on Sadat. The ...ee others are Abdel Hamid ...del Salaam, Abdel Ali, owner ...a bookshop, Ata Tail Hemida ...el, an engineer, and Ser...nt Hussein Abbaas Moham...d.

...Among the 20 are Mr Abboud ...nur, believed to be a former ...onel with military intelli...ice connections; Sheikh Omar ...del-Rahman, a blind preacher ...m Asyut in central Egypt, ...o, it is alleged was to have ...en credibility to a plot to ...rthrow the Government by ...ing supportive religious ...cts; and Mr Abdel-Salam ...rag, an engineer, identified as ...civilian leader of an Islamic ...remist group called Jihad ...oly war), which is said to ...ve had direct connections ...th the four identified as being ...sponsible for the assassina...n.

Arab countries mute support for Saudi plan

By Richard Johns in Riyadh

...EADERS of the conservative ...rab oil producing nations ...owed less than complete sup...rt for Crown Prince Fahd's ...ght-point peace plan at the ...lf Co-operation Council meet...g which ended here on Wed...sday night.

A communique issued at its ...d said merely: "The Council ...viewed the Arab and inter...tional reaction to the King...m's peace initiative and de...ded to ask Saudi Arabia to ...clude it in the agenda of the ...th Arab summit conference."

The Saudis had wanted the ...uncil to agree to present the ...an collectively to the Arab ...mmit Kuwait, Bahrain, ...man, the United Arb Emirates ...d Qatar are expected to back ... but, apparently at Kuwait's ...sistence, the Kingdom will ...ar the full onus of putting it ...rward.

The Council made only a ...utious move towards military ...llaboration at the meeting. ...efence Ministers are to meet ... the near future "to define ...iorities for securing their ...dependence and sovereignty" ...cording to the communique. Such a meeting would up...ade discussions on defence. ...e summit had earlier ...iewed a report drawn up by ... Chiefs of Staff. The obliga...n towards military co-ordina...n has been increased by the ...uncil's reassertion of the ...nciples of non-alignment and ...position to interference in the ...ion by the super powers.

At the same time, consider...e differences and contradic...ns remain. Oman, for in...nce, would like a tight ...fence pact involving a joint ...mmand in charge of naval and ... units to protect the Gulf, ...ile Kuwait is reluctant to ...template any formal ...angement largely, it seems, ...t of fear of offending Iraq ...d Iran.

Botha speech disappoints businessmen

SOUTH AFRICA'S top businessmen expressed disappointment yesterday that their long-awaited conference with Mr P. W. Botha, the Prime Minister, failed to produce much evidence that the Government is to hasten the speed of reform.

In the words of the leader of the business community, Mr Harry Oppenheimer of Anglo American, who left during the conference to give a Press conference—Mr Botha had been "very detailed about what had happened and not detailed at all about what was going to happen."

Mr Oppenheimer had earlier explained in his own speech that the private sector felt disappointed with the Government's recent progress. "We must frankly admit that the high hopes of two years ago have been followed with a general sense of disillusion," he said.

Mr Botha's speech did not touch on the wider, more political issues, where his reformist credentials have been challenged, such as the Group Areas Act or influx control, and therefore gave absolutely no hint of any fundamental change to the apartheid system.

The most positive element was an announcement of new incentives for industrial decentralisation.

But the Regional Development Bank, which was a main plank of his speech two years ago and on which a great deal of work has been done, is not yet ready because it "has needed more time to take shape than was originally expected," he said. In a later Press conference, Mr Botha declined to explain the reasons for the delay.

The Prime Minister also indicated that his Government had accepted new principles to cope with the country's grave shortage of black urban housing. The private sector would have a larger role and the Government would concentrate on site-and-service schemes.

There was no sense of dialogue or debate in yesterday's session, largely because an audience of 600 was bound to be too large.

Bangladesh army pledge

THE BANGLADESH army will stay out of politics, but will seek special provisions and privileges to be written into the constitution and will try to get such guarantees from the new President after Sunday's election, Lt-Gen H. M. Ershad, the army chief, said yesterday.

Gen Ershad acknowledged that army officers had been responsible for the killing of the country's leaders, Sheikh Mujibur Rahman in 1975 and Ziaur Rahman this year, and he said: "I do not want a repetition of this. The place of the army must be safeguarded."

Pressure on China's population goals

BY ALAIN CASS, ASIA EDITOR

...HINA'S highly successful ...forts to cut population growth ...e being threatened by its ...w economic liberalisation ...licies.

Officials say the recent ...amatic rise in living stan...rds is putting increasing ...essure on the strict one child ...r family ruling, which has ...n the cornerstone of Chinese ...licy since the 1970s, and is ...itical to the success of its ...anning aims.

Many parents previously ...terred from having more ...an one child by financial and ...her penalties are now dis...garding these, since any ...onetary loss can be more than ...ade up by the income earned ... selling goods on China's ...urishing new free markets.

Chinese publications and pro...ncial radio broadcasts in ...cent weeks have pinpointed ... growing number of cases in ...hich the authorities have ...pressed concern about a ...ssible population explosion.

Under the new "responsi...lity" system aimed at boost...g China's agricultural produc...on and improving the quality ... its products, peasants are ...couraged to maximise their ...tput and sell any surplus pro...ucts on the free market.

Under the old work system ...ill in force in most of China's ...mmunes, peasants receive food and other benefits in return for a certain number of hours worked.

Officials acknowledge that the vast majority of China's 800m peasants are refusing to respond to the new incentives partly because of the fear of being cut off from automatic state subsidies in return for fulfilling their quotas.

This is especially true in the countryside, where 80 per cent of China's 1bn population lives. Further pressure to flout the one-child per family ruling is coming from millions of families who fear that, following change in the government's view of providing economic incentives, small families will be worse off.

It is understood that some officials are advocating a formal relaxation of the present birth control policy.

They argue that, since many peasant families are already having more than one child and the present *policy* is a source of widespread discontent, China's rural population should be allowed to have two children per family.

Another factor likely to increase population growth is that there are few old people in China. Over 32 per cent of the population is under 15 and only 4 per cent is over 65.

WORLD TRADE NEWS

Brij Khindaria, in Geneva, reports on effects of a U.S.-EEC compromise

Row over tax incentives spreads

THE COMPROMISE reached between the U.S. and the Common Market on their long-standing dispute about tax incentives for exporters has been followed by a fresh argument between the two and other countries.

Although the row was restricted to the U.S. and the Community it has emerged that at least 40 other members of the General Agreement on Tariffs and Trade use various systems to ease taxes for exporters.

Such remissions could be held to contravene Gatt rules forbidding export subsidies that damage the interests of competitor countries. As a result several countries, particularly Australia, New Zealand, Brazil, Argentina and Chile, objected to the compromise at a meeting of Gatt's council in Geneva last week.

Further talks have been scheduled for November 17 and the possibility remains that the compromise will be rejected by the overall Gatt membership.

At the heart of the arguments is the charge that tax incentives of any kind amount to export subsidisation and should be eliminated to meet Gatt requirements. But Gatt's Council—the body which lays down precedent-setting interpretations of how Gatt rules must be applied—has got into a tangle in trying to decide which kinds of tax incentives are permissible.

The U.S.-EEC compromise is causing considerable confusion among other Gatt members who were not consulted in its preparation—even though it contains only three paragraphs. The main reason is the fear that its acceptance will allow the U.S. to continue tax incentives given to exporters through the system of Domestic International Sales Corporations (Disc).

Under the system, any U.S. company can create a Disc on U.S. territory and apply for deferral of taxes on exported goods. The taxes must be paid after several years, but the interest rates charged are well below commercial levels. The interest rate differential and the location of the export affiliates on U.S. territory allowed the Community to attack the U.S. under Gatt for unfair export subsidisation.

The U.S. has so far refused to dismantle the system although a Gatt arbitration panel has ruled in 1976 that it damages the interests of exporters competing with the 7,000 such corporations in the U.S.

In a counter-attack, the U.S. charged that tax remissions on exports by France, Belgium and Holland also amount to subsidies, but separate Gatt panels accepted the Community's argument that Gatt rules allow such remissions to avoid double taxation.

The Community says its exporters work through affiliates located outside its territory which pay local taxes and therefore cannot be taxed again within the EEC. The affiliates are usually located in tax havens such as Lichtenstein.

The Community's case is strengthened by the Tokyo Round code on subsidies and countervailing duties agreed in 1979 which explicitly says that tax deferrals (such as under Disc) amount to subsidisation, while avoidance of double taxation does not.

The compromise constitutes a minor victory for the Community's views because it says that "transactions involving exported goods located outside the territorial limits of the exporting country need not be subject to taxation by the exporting country."

It also says that nothing in Gatt can be seen as prohibiting "the adoption of measures to avoid double taxation of foreign source income."

Other countries are worried because while burying the hatchet between the Community and the U.S., the compromise does nothing to bring closer the demise of the Disc system.

For the Community, the sting lies in acceptance of the compromise which, in effect, ties its hands and prevents it from attacking Disc again without seriously annoying the U.S.

The compromise's last paragraph clearly says that it does not alter existing interpretations of Gatt's articles concerning exporting subsidisation.

The U.S. interpreted those articles to attack the French, Belgian and Dutch systems of tax remission for exporters, and could bring similar charges against the other countries using similar systems.

But Community officials feel that approval of the compromise and the four panel reports by Gatt will push the U.S. into a corner, forcing it to reform the Disc system.

The U.S. is studying various schemes to change Disc and might opt for a system similar to that used by the EEC where companies would be asked to create export affiliates outside the U.S.

UK banks help boost Air Florida leases

By Terry Byland

AIR FLORIDA announced in London that it has completed arrangements for $101m of lease financing for five Boeing 727-200 and two Boeing 737-200 (Advanced) aircraft and intends a further financing of a similar size in respect of the three Boeing 757s fitted with Rolls-Royce engines ordered in July.

U.S. banks are playing a major role in the lease financing completed on the seven Boeings, and Air Florida said it is "working closely" with UK bankers on arrangements for the further deal, which will probably be completed in two or three months. The leasing subsidiaries of National Westminster, Lloyds and Barclays banks participated in the financing already completed.

Details of the lease financing for the first group of aircraft were not disclosed but Mr Eli Timoner, chairman of Air Florida, described the lease rates as "very attractive" and said they "permitted the airline to enter into acquisition agreements with Boeing" for the three Rolls-Royce powered 757s which are scheduled for delivery next year.

All the aircraft concerned are intended for use on Air Florida's domestic U.S. routes. The group also operates international services between Miami and London, Amsterdam, Brussels and Shannon and into the Caribbean.

Mr Timoner claimed that the airline's Miami-London service, which has been operating for seven months and has benefited greatly from the upsurge in the UK-Miami tourist trade, has taken nearly one-third of the traffic on the route over a period in which that traffic has itself increased by 50 per cent.

Air Florida expects a U.S. Civil Aeronautics Board hearing on November 20 on its application to operate a service between London and Newark, New Jersey, a route which would link up with the group's flights between Newark and Miami.

Mr Timoner disclosed that British Airways, via its subsidiary British Airtours, has added its name to the list of seven applicants for the London-Newark route.

Samuel Montagu signs £100m loan agreement with Egypt

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

SAMUEL MONTAGU, the London bankers, yesterday signed in Cairo a £100m loan agreement with the Egyptian Government, thus providing a project line of credit designed to finance the initial development of the Greater Cairo Wastewater Project.

The agreement is the last piece in the financial jigsaw underpinning a potential £600m of business for UK companies. The other parts of the package involve £50m of UK aid, first committed in 1978 and E£247m earmarked by the Egyptian Government.

The loan, arranged by Samuel Montagu but funded in conjunction with Midland Bank, is the largest financing covered by the Export Credits Guarantee Department in Egypt.

The Egyptian authorities are now settling how to break down the project into portions for which tenders will be called. The tenders should start going out in January and, under the loan agreement, contractors have to be nominated by the end of 1982.

The loan agreement also provides that each contract granted must have a minimum value of £20m. The contracts will include tunnelling, electrical equipment and installation, water treatment plant, pumps and pipes.

Although the aid and credits package means that development work on the east bank of the Nile for the project is captive to British companies, present Egyptian practice demands that the contracts are put out to tender.

The companies likely to be involved include those which, as members of the original British Wastewater consortium, acted as the commercial vehicle to bring the east bank contracts to the UK. They are Ames Crosta Babcock, GEC Electrical Projects, Edmund Nuttall and Balfour Beatty Construction.

Other companies thought likely to compete include NEI, Tarmac, Mather and Platt, and Weir Pumps.

The British companies will work in joint ventures with Egyptian groups.

The Greater Cairo project has become an Egyptian Government priority and will continue long after the first phase of contracts has been completed by 1987. This opens up the possibility of continuing British business until the end of the century.

The Egyptian Government has budgeted E£1.3bn for the whole project's local costs. Of t[illegible] E£580m is for the east bank.

● Mr John Biffen, the Tr[illegible] Secretary, yesterday held [illegible] the possibility of a ste[illegible] growth in UK exports to Eg[illegible] following a series of talks w[illegible] Egyptian Ministers in Cairo [illegible] attendance at a UK-Eg[illegible] investment and trade con[illegible]ence organised by the C[illegible]mittee for Middle East trad[illegible]

Egypt, he said in London [illegible] his return, would fina[illegible] exports partly through its [illegible] sales in the UK and partly [illegible] the flow of British capital [illegible] Egypt as part of joint vent[illegible] between British and Egyp[illegible] companies.

At present, there is a g[illegible] deal of mobility in Bri[illegible] capital, he noted, and given [illegible] Egyptian desire for joint [illegible]tures and the stress be[illegible] placed on the developmen[illegible] infrastructure and agricult[illegible] the UK is well situated to [illegible]vide investment partnershi[illegible]

But Egypt could not ex[illegible] further extensions in Bri[illegible] aid commitments, he war[illegible] The overall British aid bu[illegible] is declining.

The UK holds an 8.5 per [illegible] share of the Egyptian imp[illegible] market and is the fourth lar[illegible] supplier.

New berths for Hong Kong po[illegible]

BY KEVIN RAFFERTY IN HONG KONG

THE HONG KONG Government has decided to build three new berths and to extend the land area of its congested container port at Kwai Chung.

Increasing congestion at the port, which handles more than 50 per cent of the cargo traffic of Hong Kong has brought grumbles from container operators, shippers and the lorry drivers serving the port.

A few weeks ago matters came to a head when truck drivers stopped work at one of the berth operators because it was taking too long for them to get their loads. At one point it was taking more than a day for drivers to pick up containers instead of a matter of hours. The problem then was exacerbated because a new, on-line computer system was having teething difficulties. But shortage of land remains.

Kwai Chung is the third largest container port in the world in terms of units handled, with 1.5m. 20-foot equivalent units handled last year. But containers at the port are stacked three times higher than at Rotterdam, the second busiest port and ten times higher than at New York, the largest container port.

The port at present has six berths, three operated by Hongkong International Terminals, two by Modern Terminals and the sixth by Sealand. Though the decision has been taken to build the three extra berths, the colony executive council still has to decide on the tendering arrangements and who is eligible to bid. The two bigger operators are consortia of companies.

Work on the extra berths will take up to four years. In the meantime the Government has also given the go-ahead for filling in a small creek which will provide more back-up land for stacking containers. This work will take 18 month[illegible] complete.

One of the problems of H[illegible] Kong, apart from the short[illegible] of land in the densely p[illegible]lated and rocky territory, is [illegible] many of the goods for the [illegible]tainer loads are prepared w[illegible] in 24 hours of the ship sai[illegible] and have to be stuffed at K[illegible] Chung itself. To take the [illegible]tainer stuffing elsewhere m[illegible] reduce congestion but w[illegible] add to pressures on the r[illegible] and might mean that g[illegible] would miss shipment.

Some shipping interests [illegible] argued that HongKong sh[illegible] build a completely new [illegible]tainer port. Apart from [illegible] difficulty of finding a loca[illegible] berths at the new port w[illegible] be uncompetitive with thos[illegible] Kwai Chung because of [illegible] higher capital construc[illegible] costs. All the container [illegible] operations are in the pri[illegible] sector.

Angolan deal worth £19m for Denmark

By Hilary Barnes in Copenhagen

F. L. SMIDTH, the Danish cement technology company, and Hoejgaard and Schulz, the civil engineering company, have signed a DKr 250m (£19m) contract to modernise a cement mill in Angola and to improve port facilities for the export of cement.

The Cimangola cement mill, north of Vuanda, was originally owned by the two Danish companies and is now owned by the state.

The modernisation and port improvement programme are designed to enable Angola to increase its exports of cement to neighbouring countries.

Local expenses are to be financed by Angola, while expenses incurred in Denmark will be financed through Danish aid funds.

● CIAT-Alcateel, the telecommunications unit of the Cie Generale d'Electricite (CGE) group of France, has signed a protocol agreement with the Ugandan authorities for the supply and installation of an E-10 electronic telephone exchange, AP-DJ reports from Paris. The contract will involve 30,000 new telephone lines in Kampala. Industry officials put the value of the contract at FFr 100m (£9.5m).

Krupp wins £5.6m Czech order

BY LESLIE COLITT IN BERLIN

A CONTRACT awarded to a Krupp plant manufacturing subsidiary shows the extent to which East European countries rely on Western sub-contractors to carry out projects in third countries.

Skodaexport of Czechoslovakia has ordered a DM 23m *(£5.6m) coaling plant with* storage yard facilities from Krupp Industrie und Stahlbau, which is to be built for a Turkish electric power company.

The Czechoslovak engineering concern, in a consortium with the Gama of Ankara, won a contract for an expansion of a power station belonging to the Turkiye Elektrik Kurumu (TEK) at Soma, 120 km from Izmir.

Construction of the coaling plant is to begin early in 1983 and it is to be operational by *April, 1984.*

The coaling plant will process lignite and it would appear logical that such equipment would be provided by Czechoslovakia or East Germany, which are both major producers of lignite for electric power generation. But the order has gone to Krupp, which is a leading western producer of such facilities.

The TEK plant is to use lignite from open pit mines at Soma and Eli. It consists of disc type grizzlies, swivel-arm crushers and hammer mills *which process 660 tonnes of raw* brown coal per hour and reduce them to 30mm sized pieces. The processed lignite is conveyed to the storage yard where two combination boom stakers—bucket wheel reclaimers can load 600 tonnes each on coal dumps.

Doubt grows over Indian project

BY D. P. KUMAR IN NEW DELHI

THE SOVIET UNION appears to be backing out of its commitment to finance India's proposed 2000 Mw Waidham super thermal power project.

The project was originally undertaken on the understanding that the cost of the project (including the rouble cost), estimated at around Rs 5bn (£290m) would be met by the Soviet Union. However, when discussions began, the Soviet Union would agree only to defraying the rouble cost.

The estimate of the rouble cost is *Rs 410m, consisting of* Rs 360m for the main project and Rs 50m for the development of Nighai coal mines where the super thermal power project is to be located.

It now appears that even the rouble cost will not be fully met by the Soviet Union. The Soviet Union has informally communicated to India's Minister of Power that it has earmarked only Rs 240m for the project.

All this has put the project in jeopardy. *India's Planning* Commission had agreed to include the project in its plans on the assumption that the Soviet Union would fully underwrite its cost, but it seems during the negotiations some misunderstanding has cropped up in the negotiations

The Government now is thinking of drafting the public sector Bharat Heavy Electricals company to supply some of the equipment

Sim-Chem secures Australian deal

By Nick Garnett, Northern Correspondent

SIM-CHEM, the Manchester-based chemical engineering contractors has secured an order from ICI Australia Engineering for the design and construction of an A$25m (£15m) polypropylene film plant at Melbourne.

Sim-Chem will use a subcontractor, Simon-Carves Australia to undertake the buying of building equipment and the plant's construction which will almost certainly involve further subcontracting.

The remainder of the work will be carried out by Sim-Chem which, with Simon-Carves, is part of the Simon Engineering group.

Feedstock for the new plant, which will be capable of producing 5,500 tonnes of propylene film a year, is to be supplied by Australian companies.

The plant is due to be completed by the second half of next year and the film will be used as wrapping for biscuits and cigarettes.

The Australian plant will use ICI petrochemicals and plastics division's own process to produce biaxially-orientated polypropylene film which is more versatile.

Statoil awards contract

By Our World Trade Staff

JOHN BROWN Offshore has been awarded a contract by Statoil, the Norwegian state oil company, to carry out the conceptual and detailed design for two riser platforms for the Norwegian gas-gathering pipeline system.

The piled steel jackets will support a range of topside facilities including gas metering, flaring and power generation.

The platforms are part of the 843 km Norwegian gas-gathering pipeline system which, when completed in 1986, will land natural gas from the Statfjord and Heimdal fields at Kaarstoe on the Norwegian mainland. The NKr 13bn (£1.2bn) development is being financed by a consortium of oil companies led by Statoil.

South African order

WEST'S PROCHEM, the Darlington-based process contractor, has been awarded a £3m turnkey contract to design and build a gas plant for the municipality of Port Elizabeth, South Africa, writes Martin Dickson, Energy Correspondent.

[Jo4 | 1981]

UK NEWS

Leyland Vehicles to cut jobs but retain Bathgate truck plant

BY KENNETH GOODING IN GLASGOW

LAND VEHICLES, BL's k and bus subsidiary, is to in its plant at Bathgate in land, although there is to a major rationalisation pro- nme.

his was announced yester- by Mr David Andrews, utive deputy chairman of who has responsibility for commercial vehicle busi- s.

r Andrews indicated at the ttish Motor Show that ils of cuts at Leyland icles would be given to loyees "before the end of month." He added, "We ld hope to maintain what I ld consider to be a strong ufacturing presence in land."

had been widely expected the commercial vehicle in- ry that Leyland would shut hgate and concentrate all duction at is plant in Ley- l, Lancashire.

r Andrews gave no further cation of the job cuts that ht be expected at the plants about rumours that the cultural tractor business and Guy truck plant at Wolver- pton might be shut.

Leyland intends to remain a line truck manufacturer— a competitive one. This ns that some painful and cult decisions have had to be le," he said.

eyland employs about 3,500 Bathgate, having cut 1,200 jobs during the past year. It is among the three largest employers in central Scotland, drawing its workforce from the same area as Talbot's Linwood plant 40 miles away, which was closed earlier this year with the loss of 5,000 jobs.

Leyland previously planned a £125m investment programme for Bathgate. So far about £50m has been spent, partly to get Landtrain, its heavyweight export truck, into production.

It became clear that Leyland Vehicles was due for a major shake-up when Sir Michael Edwardes, BL chairman, said in his half year statement that "the cost base of our UK truck business is too high and unit costs will need to be reduced significantly if we are to be competitive. Fixed expenses are too high and we are over-manned in relation to both the current and projected market size, both of which are at a lower level than anyone could have envisaged 12 months ago."

Mr Andrews said the details, when announced, would cover all aspects of the commercial vehicle business and would outline "the course we have charted for the future."

He insisted Leyland would continue with its new product programme which has launched 22 truck variations in the T45 range during the past 22 months. New vehicles would continue to be introduced at monthly intervals for some time.

Civil engineering still in recession

BY WILLIAM COCHRANE

VIL engineering in th eUK still in a deep andprolonged ession, according to the deration of Civil Engineer- Contractors in its October il workload survey.

"Although the rate of decline y have slackened the results w that the workload of the lustry is still falling, with sequent effects on employ- nt and plant," it said yester- .

Mr. Jack Bowen, deputy- eral of the FCEC, said in roducing the survey: "I have n presiding over a decade decay." Capital spending on struction as a proportion of al public expenditure had len from about 14 per cent 1973-74 to less than 9 per t last March.

While the FCEC agrees with recent Department of the Environment observations that industry order books are improving the improvement is marginal and from a very low base, it says.

Mr. Bowen said: "The main sufferers have been the medium-large employers (those with between 500 and 1,000 workers). After a modest burst of relative optimism in the last survey they have relapsed into gloom again. Those employing less have leapt again."

A high proportion of new tenders were going to be abortive, said Mr Bowen, indicating his feeling that public sector bureaucrats were pushing around pieces of paper to justify their contitnued employment.

Food Corporation 'must pay salvaged wheat costs'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

E Food Corporation of India liable to pay storage ges for wheat off-loaded by lvor when the vessel carry- it to India was stranded on ef in the China Sea, the se of Lords ruled yester-

he Law Lords restored a mercial Court judgment, ersed by the Court of eal, that the salvor, China ific, was entitled to be re- ursed by the Food Corpora- for the $110,982 charges lved in storing the wheat Manila.

he Food Corporation had ended that the vessel's er, rather than the Corpora- as cargo owner, was liable the charges.

ord Diplock said that a age agreement in the d's open form had been ed by the shipowner shortly r the stranding.

o lighten the vessel, some he cargo was taken off by na Pacific and carried to ila for safety.

e Food Corporation accepted ility for storage charges r the date on which the ship- ier abandoned the voyage—the vessel having become a total loss—but denied responsibility for charges incurred before then.

The corporation argued that, until the voyage charter ended, the salvor's duty was to deliver the cargo back to the shipowner who was therefore liable for the storage.

Lord Diplock rejected that argument. He said that salvage services under the Lloyd's open agreement did not usually involve the salvor taking possession of the cargo from the shipowner. But when it did, a direct legal relationship was created between the cargo owner and the salvor.

If the Food Corporation had demanded the wheat when it arrived in Manila, China Pacific could not have resisted; whereas it would have been at risk if it had complied with any similar demand from the shipowner.

The Food Corporation's failure to make such a demand, or to reply to China Pacific's request that the corporation take delivery, entitled the salvor to be reimbursed, said Lord Diplock.

Italmare wins appeal in chartering conflict

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

TELEX from a shipowner to harterer, asking why an alment of hire had not been l, did not amount to a ce of withdrawal of the tered vessel as required by "anti-technicality" clause in charterparty, the Commer- Court ruled yesterday.

he clause, which required an er to give 48 hours notice withdrawal, was intended to tect the charterer against vessel being suddenly with- wn without warning, by ng time for any delay in ment of hire to be rectified, Mr Justice Parker.

he notice need not, in ns, refer to the anti-techni- ty clause, but it must make r that the owner required cause of the delay to be put t within 48 hours, the judge

e allowed an appeal by mare Shipping Company against an interim award by an arbitrator that, although Ocean Tanker Company, of Monrovia, owners of the chartered vessel, the Rio Sun, had not given a valid notice of withdrawal, Italmare had, by its conduct, waived its right to such a notice.

The arbitrator said that, in the face of Italmare's declared intention not to make further hire payments, Ocean Tanker had been entitled to take the view that a notice of withdrawal would have served no useful purpose.

That was clearly wrong, said the judge.

During a charterparty voyage Italmare claimed to make deductions from the hire due for the estimated costs of bunkers and disbursements. Ocean Tanker then withdrew the vessel.

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Conversion scheme for disused steelworks

By Nick Garnett, Northern Correspondent

A PROJECT to convert part of the Normandy Park Steelworks in Scunthorpe, which was closed in February, into workshops for small businesses was announced yesterday by BSC (Industry)—the job creation arm of the British Steel Corporation.

The project, which is expected to create about 130 jobs, involves the conversion of a number of buildings on a four-acre site into 28 separate workshops.

More than 30,000 sq ft of building space is being converted and the workshops will range in size from 206 sq ft upwards.

BSC (Industry), which is hoping to announce soon two more projects in Scunthorpe, has been assisting with or initiating the setting up of workshops in seven other steel closure areas.

Mr David Mann, BSC (Industry) Regional Manager for Yorkshire and Humberside, said yesterday that the workshops should be in use within a year to 18 months.

A number of inquiries from small businesses about the project have already been received.

Petrol companies rejoin battle of the pumps

BRITAIN'S major petrol companies once more went into the breach this week in their battle to force up pump prices and improve profitability.

Shell, Esso, BP Oil, Texaco and Mobil have all raised wholesale petrol prices by 2p-3.5p a gallon in response to the Organisation of Petroleum Exporting Countries' new agreement on the re-alignment of crude prices.

But they are adopting different tactics when it comes to giving price support to their dealers. This suggests that competition in many areas could stay fierce.

It could also leave aggressive little BP Oil in a dangerously exposed position at garages all over the country.

The word little is relative when applied to BP Oil which ranks third in the UK petrol company league. But the company accounts for only 15 per cent of British sales while Shell and Esso, the two biggest, both have 20 per cent shares of the market.

Until this year Shell and Esso have always made the running on prices and price support, but during the last six months BP has been taking the initiative in trying to increase pump prices and so stem the substantial losses that the industry has been making on its refining operations.

Its efforts have not always been successful, yet BP is nothing if not game and on Monday it triend again.

The company announced that it was not only raising the wholesale price of its four-star by 2p a gallon but was also withdrawing all price support for dealers.

This was a bold move because price support is expensive and adds considerably to the petrol companies' costs at times when business is least healthy.

At the beginning of the summer when the petrol price war was in full swing Shell, Esso and BP were each spending about £1m a week on price support. But in June BP, which had been subsidising some of its retailers by up to 10p a gallon, led the other two in ending the practice and calling a halt to the war at the pumps.

By September the three had been forced to reintroduced price support. BP Oil said at the time it was going to give some of its dealers "up to 2p a gallon." By the end of last week it admitted that price support was averaging 2p a gallon and costing £1.5m a month.

Some dealers will have been receiving much more than 2p—a few will have been getting as much as 8p a gallon.

The ending of support plus the 2p a gallon wholesale increase was expected to add about 4p a gallon to the pump price of BP's four-star. But, as the company was clearly aware, the increase was going to be greater in areas where dealers had been receiving the biggest subsidies.

On Tuesday Esso announced a 2.82p a gallon increase in its wholesale price—nearly 1p more than BP—and said it would withdraw price support wherever pump prices increased sufficiently. The company, which said it "recognised" BP's move on price support, had gone at least halfway to meeting the BP action.

Sue Cameron examines why BP Oil has once more taken the lead in trying to end price support to dealers

On Wednesday Shell, which increased its wholesale price by 2.77p a gallon, said it had no immediate plans to withdraw price support. It was going to wait and see.

Shell's decision was clearly a blow to BP Oil and at first sight it might seem surprising in view of the fact that Shell's petrol profits have been as much in the doldrums as those of its competitors.

But there are several reasons for Shell staying temporarily aloof from the withdrawal of price support:

- It is more doubtful than BP about whether a substantial increase in pump prices—which must follow the ending of support for dealers—will stick under present market conditions.
- Shell takes 75 per cent of its UK crude requirements from the North Sea and most of the rest from Kuwait where prices have dropped by $2.50 a barrel since the OPEC re-alignment.

It may now be in a better position as far as crude costs are concerned than BP or Esso—especially as the latter has now lost much of the advantage it once enjoyed from its access to comparatively cheap Saudi Arabian crude.

BP certainly believes that its crude costs have been—and are—higher than those of some of its main competitors. It also appears to feel that it has been harder hit by the oil glut and the petrol price war than some others.

Earlier this year it was forced to announce the closure of its 10.5m tonnes-a-year Isle of Grain refinery because of a fall in demand.

Its results for the three months to September will not be announced until next month but are expected to show continuing losses.

This is partly why BP has been breaking with tradition and taking the initiative in putting up petrol prices and ending support for dealers. Another reason could be the appointment 18 months ago of Mr David Symon as marketing director. He is a dynamic man who obviously does not enjoy playing follow-my-leader.

The question remains as to whether BP will be successful in ending price support and forcing up pump prices to the point where it can return to adequate profit levels. Yesterday it was confident that the new, higher pump prices would hold up in the market place and that Shell and Esso would soon end support.

BP said it thought that all the petrol companies realised that sound profits were more important than market share. If it was forced to bring back price support it would stop the subsidies again as soon as it thought the market would bear such a move, it said.

For the moment, Shell remains a fly in the BP ointment. It is worth noting that when the majors last ended price support in June, Shell's share of the market fell by about three percentage points—another reason why it is being more cautious about ending the practice.

Unless Shell changes its approach, motorists in some parts of the country may enjoy the spoils of the price war for a little longer.

Scheme worth £25m planned near Wickford

A £25m industrial and residential development scheme is planned at Shotgate, near Wickford, Essex, by Basildon Council and the Carroll Group of Companies of Brentwood.

The 80-acre extension to an existing industrial estate will provide about 1m sq ft of industrial and warehouse development and could provide 4,000 jobs throughout the 1980s.

UK NEWS

British Shipbuilders wins £80m oil rig order from BNOC

BY SUE CAMERON

BRITISH SHIPBUILDERS has won an £80m order for a semi-submersible exploration drilling rig from the state-owned British National Oil Corporation in partnership with Ben Odeco, an offshore drilling contractor.

The rig, one of the first of its kind, will be capable of drilling in water depths of up to 4,500 ft. It will be built by British Shipbuilders' newly formed offshore division at the Scott Lithgow yard on the Clyde. Work is expected to start soon and be completed by 1984.

British Shipbuilders' offshore division now has contracts for three semi-submersible rigs worth a total of almost £200m.

BNOC said yesterday it planned to use the rig for drilling to the north-west of the Shetlands, where the water is particularly deep — up to 4,000 ft. The corporation operates on six blocks in the area — 205/10, 206/1, 206/6, 208/26, 208/27 and 201/9. It has equity interests in a further 14 nearby blocks and the rig could eventually be used by companies operating these blocks as well.

There has been comparatively little exploratory drilling in this region so far because of the deep water and hostile weather.

BNOC said it had sent a letter of intent to British Shipbuilders, although the contract was subject to final ratification by the corporation and Ben Odeco.

Ben Odeco is a joint venture between the Scottish-based Ben Line and the U.S.-based Odeco. Ben Odeco is to take a 50 per cent stake in St Vincent Drilling, a subsidiary of BNOC set up on the direction of the last Labour Government to place an order for a jack-up rig with what was then the Marathon yard.

Ben Odeco is to design the rig, supervise its construction and operate it after completion.

The rig will have a computerised dynamic positioning system to keep it in one place during drilling. Up to now, mainly drill ships have had dynamic positioning systems—semi-submersible rigs have only used anchors.

The contract for the rig was not put out to tender. BNOC said it and Ben Odeco had approached British Shipbuilders themselves. The corporation added that £80m for the rig "compared very favourably" with the cost of chartering drill ships or a similar rig.

Ben Odeco operates three rigs, including the Ben Ocean Lancer, a dynamically positioned drill ship built by Scott Lithgow in 1976. Ben Line, through its subsidiary Atlantic Drilling independently operates two semi-submersible rigs in the North Sea plus a drill ship in South-East Asia.

The 15,000 tonnes of steel plate needed for the rig will be supplied by the British Steel Corporation, mainly from its Scottish mills.

Jenkins urges early entry into EMS

BY DAVID MARSH

THE BRITISH Government should take sterling into the European Monetary System before the EEC Summit in London at the end of the month, Mr Roy Jenkins, one of the Social Democratic party leaders and former president of the European Commission, said yesterday.

He told a meeting in London of the European League for Economic Co-operation that a future SDP/Liberal Government would bring the pound into the EMS.

A commitment to keep the key DM/sterling exchange rate *stable at about the present* level—which Mr Jenkins said was about right—would be of "direct material benefit to industry."

The Government however, is unlikely to take Mr Jenkins' advice. The Treasury is lukewarm towards the scheme. Mr Nicholas Ridley, Financial Secretary to the Treasury, told the meeting earlier that Britain did not want to "rock the ECS boat" by joining when the pound might be volatile.

He repeated the Treasury's line that the matter would be kept under review.

Other speakers at the conference, discussing sterling's *relationship to the EMS in a* world of unstable exchange rates, were mostly enthusiastically in favour of Britain joining the system.

Lord Lever of Manchester, former Chancellor of the Duchy of Lancaster, said currency stability was needed to back the Government's fight against inflation. If Britain had joined the EMS previously, sterling would not have gone through the damaging fluctuations of the last two years.

Lord Lever's view of the beneficial effects on the anti-inflation strategy was backed by M Jacques van Ypersele, a top official at the Belgian Finance *Ministry. He said pegging the* pound to the EMS would help keep down inflation by preventing the exchange rate falling.

Mr John Cooper, Managing Director of Singer and Friedlander and Chairman of the Executive Committee of the British Bankers Association, also favoured UK membership. He criticised as naive and silly the charge that the Government would abdicate economic responsibility by bringing the pound into the European System.

Mr Jenkins said British industry had suffered more than any other country from the disadvantages of a fluctuating currency. It was always easy for governments to find excuses for inaction. Britain should now stop making the error of "semi-detachment from Europe."

Midland appoints Taylor as group chief

By William Hall, Banking Correspondent

MR GEOFFREY TAYLOR is to take over as group chief executive of the Midland Bank, Britain's third largest clearing bank, at the beginning of May 1982.

His appointment will coincide with the arrival of Sir Donald Barron as chairman, after next year's annual general meeting, and completes the reshuffle at the top of the bank. Mr John Brooks, the other deputy group chief executive with Mr Taylor, now becomes the sole deputy group chief executive.

Mr Taylor, aged 54, succeeds Mr Stuart Graham, who is retiring next year. Until last July Midland Bank had been unusual among the UK clearing banks in having two chief executives in the form of Mr Graham and Mr Malcolm Wilcox. Both men reached *retirement* age at roughly the same time but Mr Graham stayed on for a period because he was chairman of the chief executive's committee of the Committee of London Clearing Banks.

Mr Taylor takes over at a difficult time for Midland Bank, which is the least profitable of the big four UK clearing banks. By comparison with the other clearers it is overstaffed. Traditionally, its fortunes have been tied closely to those of British industry, and it has been a latecomer to international banking.

In the past few years it has rectified its weaknesses in these areas. Such efforts culminated in the $830m (£441.7m) acquisition of majority control of Crocker National Bank of California, U.S., earlier this year.

Mr Taylor has played an important part in developing the bank's international business. He was chief executive of Midland Bank International for five years until July when he was made deputy group chief executive

BP strikes oil near Humberside village

BY MARTIN DICKSON, ENERGY CORRESPONDENT

BRITISH PETROLEUM has found oil in an onshore well drilled near a South Humberside village, but the company said yesterday that further testing would be needed to determine whether the discovery was commercially significant.

The announcement follows considerable City speculation about the well, known as Brigg No. 1, which is situated near the village of Howsham and for which drilling was completed in July. Testing began last month and will go on for several more weeks.

Ownership is split equally between BP, British Gas, and Candecca eRsources, a small independent company which has extensive interests in onshore exploration licences.

Britain produces about 5,000 barrels a day of oil from onshore fields, notably the BP/British Gas Wytch Farm field in Dorset.

This rate is tiny compared with North Sea output of 1.8m b/d. But the rising price of oil and relatively low production costs on dry land have produced a surge of interest recently in onshore exploration.

Meanwhile, offshore exploration drilling is on the increase again. Gaffney, Cline and Associates, the international energy advisers, reported yesterday that in the third quarter of this year drilling in the UK North Sea reached its best level since late 1979.

Overall drilling activity—which includes wells used in the development of an oilfield—has also shown a substantial upturn. However, Gaffney, Cline's construction expenditure index, has shown a slight drop, reflecting the lack of new North Sea developments proects.

Mr Tom Cox, the company's managing director, said the early start made by companies to fulfil their drilling commitments under the recent seventh round of offshore licensing was undoubtedly helping to maintain and possibly to increase exploration drilling.

Electricity pension funds changes proceed

BY CHRISTINE MOIR

THE ROLE of Richard Ellis, the property surveyors, in the affairs of the Electricity Council's £1.3bn pension funds, continues to diminish.

Until last year Ellis acted as principal agent for the funds in buying, selling, developing and managing its £600m property portfolio. It also acted as valuer of the portfolio. Its senior partner, Mr Andrew Huntley, had a personal appointment as property-investment adviser to the trustees.

This year the trustees transferred the valuation role to Jones Lang Wootton. Now Mr Huntley has relinquished his position following appointment of a fulltime chief surveyor to the funds. Richard Ellis's role is now confined to acting as principal agent.

The moves are part of the complete restructuring of the pension funds in the wake of last year' debacle over Westmoreland Investments, an unquoted loss-making property company owned by the funds.

When Mr Austin Bunch, Electricity Council chairman, took control of the funds on the retirement of Mr Burton Johnson, the council's financial adviser, he reviewed the entire portfolio and commissioned a report on Westmoreland from Cork Gully, the accountants.

Mr Bunch handed the report to the Fraud Squad and suspended the two investment managers, Mr Alan Urwin and Mr Bill Lund. The two men have since been completely cleared by the Director of Public Prosecutions but accepted early retirement.

The dual role of Richard Ellis as both agent and valuer to the funds was one of the issues raised at the time. The trustees decided to split the two functions.

This would have become necessary in any case by August, when the Royal Institution of Chartered Surveyors issued its Guidance Notes on the Valuation of Pension Fund Property Assets, partly in response to questions raised by the pension funds' problems.

The guidance notes say agents to a fund would not normally meet the requirements for an independent valuer. They were produced by a committee chaired by Mr Idris Pearce, senior professional partner at Richard Ellis.

Amsterdam not suitable as London airport, says BAA

BY LYNTON McLAIN

THE BRITISH Airports Authority has launched a counter-attack on a Dutch plan to promote Amsterdam as the site of London's third airport instead of Stansted in Essex.

The Dutch authorities have encouraged travellers from the UK regions to travel via *Schipol airport in Amsterdam* to take pressure off London's airports and make the development of Stansted unnecessary.

Mr Norman Payne, chairman of the BAA told delegates yesterday at a conference in the Netherlands organised by the Amsterdam Airport Authority that he was not appealing to UK air travellers to put patriotism before all elss.

"That would be foolish but it is up to the civil aviation industry to defend its interests," he said.

The BAA had started a campaign of its own aimed at emphasising that London was the best value for air travellers.

Plans to develop Stansted into a major international airport with a capacity of 15m passengers a year, compared with 1m now, are the subject of being considered a public *inquiry. The issue would be* "decided in the UK, and it is not therefore a matter for which the Dutch could proide a solution," said Mr Payne.

● British Caledonian Airways has come out strongly in support of the plans for developing Stansted. The airline, which is based at Gatwick, said yesterday in evidence to the Stansted inquiry that "unless Stansted is developed to allow the maximum use of London's existing airports for scheduled air traffic, BCal's future profitable development will be severely curtailed."

Steel hit by energy cost, says study

By James McDonald

BRITAIN'S iron and steel industry is still at a significant disadvantage on energy costs compared with its main EEC competitors, according to a study by Industrial Market Research for the National Economic Development Council.

The study, using October 1 prices, claims the UK steel industry pays 20 to 30 per cent more for electriicty than in France and 15 to 25 per cent more than in West Germany.

The British industry also pays 18 per cent more than in the Netherlands for gas and between 4 and 8 per cent more than in other EEC countries.

In spite of recent large energy price increases on the Continent, "relatively modest increases in the UK and a fall in sterling," the British industry is operating at a disadvantage, says the study.

On electricity, the study proposes that consumers in the steel industry should be recognised as customers whose base load can contribute to lower costs and who should be given lower prices.

"There should be a positive tariff incentive to steel works to improve their load factors by means of larger discounts for bulk consumption."

Councils unite against rates Bill

BY GARETH GRIFFITHS

AN ALLIANCE of local authorities opposed to the Government's Local Government Finance Bill was launched yesterday in London. Its members intend not to co-operate with central government. They may take legal action against Mr Michael Heseltine, Environment Secretary.

About 15 local authorities attended the launch. They included the Greater London Council, South Yorkshire, West Midlands, Bedfordshire and Derbyshire county councils, Lothian regional council, Nottingham, Dundee, Glasgow and Sheffield city councils, Harrow, Tameside, Lewisham, Lambeth and the Inner London Education Authority.

The organisers believe about 15 other councils will support the alliance. No Conservative councils are members of the alliance but the approach is described as bi-partisan.

Mr David Bookbinder, leader of Derbyshire County Council and the alliance's acting chairman, said the group would examine the possibility of serving a writ of mandamus on the Environment Secretary.

The writ would ask the court to order a judicial review of the Department's administrative acts towards the local authorities over the delay in setting rate-support grant for next year.

The authorities are worried the Bill is adversely affecting their budgeting for next year. This should be in an advanced state by now but is not because of uncertainty engendered by the Bill.

Weak recovery forecast

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE UK economy will show only a weak recovery next year with an increase in output of less than 1 per cent after a fall this year of 1.6 per cent, says the Henley Centre for Forecasting.

In its latest quarterly forecast the centre predicts a stronger recovery in 1983 and 1984, when output is expected to grow by 2.8 per cent and 2 per cent. However, it expects a contraction again in 1985.

Its outlook for inflation is pessimistic. It thinks consumer prices will rise nearly 11 per cent next year and 14 per cent by 1984 but fall slightly thereafter.

However, wages are expected to be held down to an average increase of 7.8 per cent this year and 7.2 per cent next year.

Exports are expected to decline slowly until 1983 when fairly rapid growth is expected to begin.

Consumer spending will remain at about the same level until 1983 when it is expected to pick up by 2.8 per cent.

For the EEC as a whole, the centre says output will fall by 0.7 per cent this year, but a moderate improvement next year will give real growth of 1.8 per cent.

**Framework Forecasts for EEC Economies. Henley Forecasting Centre, 2 Tudor Street, London, EC4.*

Leaf-trefoil coin fetches £11,000

THE only known example of a Henry VI muled half-noble of the Leaf-trefoil issue was sold at Sotheby's yesterday for £11,000 to the London dealer Spink in a coin sale which totalled £87,507. The 15th *century coin was unearthed at* a "discovery" event in Leatherhead and is of considerable numismatic importance.

The same dealer paid £4,800 for an Australian gold pound of 1852. An Elizabeth I sovereign of 30 shiyyings sold for £3,400. At Sotheby's Belgravia ceramics sale, Duncan Smith, the London dealer, acquired a pair of large gilt-metal mounted "Vienna" vases, covers and pedestals of the 1860s for £11,500. A pair of 1855 Sèvres vases went for £11,000

A George III satinwood side caginet was bought by the London dealer Spyer for £4,840 at Christie's yesterday while another London dealer, Reffold, bought a William and Mary black and gold lacquer cabinet-on-chest for £4,290. (At Christie's quoted prices include the buyer's premium and VAT.) Five pieces sent for sale by the actress Ava Gardner totalled £1,881, with a top price of £825 for an early Victorian papier-maché oval tray.

In New York on Tuesday an auction record price for a 20th century photograph of £13,829 was paid at Christie's East for a 1927 gelatine silver print of a Nautilus shell by Edward Weston.

SALEROOM
By ANTONY THORNCROFT

Scottish health care growth plan

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE Scottish Development Agency plans to turn Scotland into a major world-centre for the health care industries.

The Agency has decided that health care is to be the next major officially-backed industrial growth area in Scotland.

The emphasis on health care follows the SDA's 2½-year promotion of microelectronics, now a major industry in Scotland with more than 230 companies employing over 38,000 people.

Health care industries include sectors such as pharmaceuticals medical equipment and devices, clinical laboratory products and medical supplies.

The combination of an advanced technological base through the extensive microelectronics industry, research and development facilities at *Scottish universities and access* to European markets offers opportunities for health care development in the country, said the SDA.

The establishment of a health care industry unit at the Agency follows a nine-month study by consultants Arthur D. Little, who confirmed the potential of the industry for Scotland. The study identified research and technological strengths in Biotechnology, electro-medical *products, diagnostic imaging* as well as orthopaedics and rehabilitation.

The agency said yesterday that the unit, led by Dr Charles Fiarley, will concentrate on assisting Scotland's established health care companies and selling health care to other companies as a profitable area for diversification. It will also seek to increase the flow of commercial ideas from research organisations and promote Scotland as an area with *particular investment opportunities* for companies from the U.S., Japan and other parts of Europe.

Health care industries have estimated world sales of £50bn. European markets within easy reach of Scotland account for one-third of world sales and worldwide growth is estimated at between 5 and 11 per cent in real terms every year until 1985.

Nine major Scottish-based pharmaceutical companies acount for 41 per cent of industry employment and 48 per cent of turnover. These include Beechams and Roche products. Six companies produce proprietary drugs and 15 participate in the medical equipment and devices sector.

Promoting this new sector will present the agency with fundamental problems of encouraging an adequate management structure. Much of the indigenous research work in Scotland lacks management to develop and market products.

The Agency is confident that encouraging foreign companies to set up research and development areas facilities in Scotland will lead to other related industries setting up shop.

ICL plans to expand its bureau service

By Guy de Jonquieres

ICL, BRITAIN'S bigg computer manufactu announced plans yesterday modernise and expand international bureau serv which processes data for paying customers.

It is to re-equip Baric, the bureau which it owns join with Barclays Bank, computers worth about over the next year. bureaux in Australia South Africa will receive equipment worth a furt £3m.

Once the computers installed, ICL plans to the three operations in a work which will enable tomers to send and rece data internationally. tional bureaux may also opened in other countri

The plan is intended to resp to the decline in demand so called batch processi which is used for routine less urgent tasks like rolls and which is the m service provided by the th bureaux to their 3,000 tomers.

Batch processing has suffe from the growth of sm computers which can perfo many of the same tasks m cheaply. By linking bureaux in a network, aims to provide custom with more sophisticated line" services which enable them to gain di access to the company's c puter installations.

Merger plans

THE Wolverhampton ba Midshires Building Soc and the Liverpool Build Society announced mer plans yesterday.

The merger, if approved members, will result in 18th largest society in UK, with assets of over £5 and more than 100 branc

The merger is planned to t place from May 31, 1982. new society will be known the Midshires.

Economies expected

FURTHER rationalisation the grocery retailing indu is foreseen in the la Jordans survey of su markets and superstores.

The survey says that, as th is still scope for achiev economies of scale in the f business, "there could more takeovers and ama mations in the future.

Rollei liquidation

DEBTS OF £1,616,448 were vealed at a creditors' mee in London yesterday of R (UK), the Wellingboro based distributors German-made cameras.

Assets totalled only £541, said Mr Peter Phil chartered accountant, who appointed liquidator.

Corby factories

ANOTHER 13 new facto were handed over by tractors to the New To Commission at Co Northants. yesterday, brin the total number to near since last April.

The factories are part of an dustrial development gramme to combat the to unemployment rate of 22 cent.

Radiation leak

RADIOACTIVE URANI gases were leaked into atmosphere during a fire Cardiff Royal Ordna factory in September, it revealed yesterday.

The gases were from Urani 238 waste. The factory u depleted uranium to manu ture nuclear weapon c ponents.

News of the gas escape emer in a report to So Glamorgan's Public Protect Committee by Mr Malc Mace, the county's chief officer.

The Ministry of Defence c firmed there had been a at the factory, but said th had been no contaminat and no danger to the publ

UK NEWS — LABOUR

Stewards at Esso defer action over drivers' pay

y Philip Bassett, Labour Staff

OP STEWARDS representing ,0 Esso tanker drivers and ribution workers last night owed the example at Shell deferring strike action set next week over an 8.1 per t pay offer.

Jnlike the Shell decision, ch was made before depots l considered the offer, the o recommendation followed etings at terminals, which stewards said voted 2-1 to ect the company's offer.

The Esso Stewards' concern r the lack of support for ustrial action is reflected in fact that they went further n those at Shell in drawing k from next week's eatened national strike.

The Shell stewards deferred ion for two days, although sultation procedures may ll mean a delay of up to two eks. But Esso stewards have tponed action "until all nues have been exhausted" l votes by drivers at all the er companies are known.

Mr Jack Ashwell, Transport l General Workers Union d transport national secre- y, said that the voting at so's 48 terminals had been on ether to accept or reject the er.

The decision is significant cause Esso drivers were pected to take a tougher line. like in other companies, Esso ivers receive no productivity yments beyond their basic es. BP, by comparison, pays 4 productivity, Mobil £16.

The basic rate at Esso is £105, ich after stoppages can me down to as low as £77 a ek.

A further indication of the ore moderate stance at Esso is that stewards authorised eir union representatives to ter into negotiations with the mpany or to meet it under the spices of the Advisory Con- liation and Arbitration Ser- ce. The stewards will hold a irther meeting next Thurs- y.

Texaco stewards are expected take a similar decision to so stewards today. Follow- g the Texaco meeting, BP wards meet to collate the con- oversial second vote of their mpany's drivers, ordered by e TGWU because of proce- ral irregularities in the first te.

Seamen ready to settle for 8%

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE EXECUTIVE council of the National Union of Seamen has recommended a pay and conditions package worth around 8 per cent for acceptance by the country's 25,000 seamen.

The executive's recommendation makes it likely that a ballot of the members, to be arranged over the next week, will show a majority for the offer.

It would add some 6 per cent to seamen's basic rates, bringing them up from £70 to £74. However, average rates would be almost double that, assuming that overtime runs at its present high level of 28 hours a week.

Average earnings presently are running at £136.47 weekly, and this is expected to rise if the offer is accepted, in January, once the new overtime rates paid at time and a half take effect.

A feature of the settlement offered is the increase in leave allowance of 12 days a year, bringing it to 84 days a year. The NUS laid great stress on the increased leave allowance, arguing that it was necessary to combat the high levels of unemployment in the industry. Seamen out of work now number about 3,500 — the highest figure for 40 years.

Pay for seamen on leave will also go up from £91 to £96.60 a week.

The union is to continue talks with the short-haul lines and ferry operators, who are claiming to have special problems. The short-haul employers told the union earlier that because of the depressed state of trade, they might not be able to pay the increase. However, the talks are to go on without pre-conditions

The seamens' claim was for a "major increase" on basic earnings, and for 18 extra days' leave allowance.

THE NEW PAY ROUND—FIRST SETTLEMENTS AND OFFERS

		Percentage rise	Present basic	New-offered basic	Present av. earnings	New offered av. earnings
Firemen (36,000)	Settlement	10.1	£126.40 (qualified firemen)	£139.18	N/A	N/A
BL car workers* (58,000)	Settlement	3.8 on rates	£94 (Grade 3)	£97.60	£105.31	£108.91
Seamen (25,000)	Settlement	6.0 on basic pay	(Grade 1A)	£74	£136.47	£145.96
Vauxhall car workers (15,000)	Offer	5.0	£94.80 (semi-skilled)	£99.60	N/A	N/A
Engineering workers (1.2m directly)	Offer	3.16	£79 (skilled) £56.80 (unskilled)	£81.50 £58.60	£114 £84	N/A
Water workers (32,000)	Offer	6.5	£71.70-£78	£76.50-£83.50	£120 (manual) £134 (craft)	N/A
Tanker drivers (20,000)	Offer	8.1	£105	£113.50	£204‡	£217‡
Ford car workers (54,000)	Offer	4.5	£97.52 (Grade B)	£101.52	£119.77†	£124.94†
Miners (240,000)	Offer	9.1 (approx.)	£111.95 (face workers)	£120.65	£157.82 (face workers)	£168.88

* Applies to Grade 3 worker on day shift. Average earnings figure based on bonus of £11.31, averaged over the eight weeks prior to the strike

† Applies to Grade B workers on alternating day and night shifts

‡ Average earnings, including shift, overtime and productivity bonuses, for Grade I BP drivers

Many likely to settle at 5-10%

BY OUR LABOUR STAFF

EARLY INDICATIONS in the new pay round show a relatively wide variation although with the emergence of a 5-10 per cent band in which most settlements for major groups appear likely to fall.

BL car workers have done the least well so far, and are earning the lowest average wages. The gap between BL and Ford is less wide than the table shows because it compares BL day-shift only with a Ford worker on alternating shifts, which attract an extra premium.

In broad terms, the richer appear to stay richer: the tanker drivers and the mineworkers have attracted the biggest offers apart from the firemen, and both — especially the drivers — can count on a substantial topping up from overtime and other earnings. Firemen, by contrast, have average earnings little above their basic pay.

Of the three groups who have settled, firemen and seamen went peacefully and BL workers accepted reluctantly after two days of a strike.

Of those groups still to come, most militancy—at least on the part of union officials—has been shown by Ford workers, who have given the company until today to improve its 4.5 per cent offer. If it does not, the negotiators will call on their executives to support "major action" at the company.

The mineworkers' executive's surprisingly unanimous rejection of the Coal Board's 9.1 per cent offer does not, as yet, include any threats of industrial action.

Vauxhall's largest group of manual workers, at Luton, have already narrowly voted for the offer, while the tanker drivers appear split.

Steel men reject more job cuts

By Robin Reeves,

TRADE UNION representatives at the British Steel Corporation's Llanwern steelworks, South Wales, have unanimously rejected the corporation's latest proposals for further redundancies.

BSC wants to cut a further 259 jobs at the plant—most of them by next March and the remainder by 1984—in a bid to reduce operating costs still further. More than 4,500 jobs have already disappeared at the plant in the past 18 months as a result of BSC's earlier "slimline" cutbacks.

In rejecting BSC's latest redundancy plan, Mr Peter McKim, president of the main steel union, the ISTC and chairman of Llanwern's trade union committee, said that they had decided that enough was enough.

Courtaulds acts on fumes risk

COURTAULDS has replied to allegations by the Association of Scientific, Technical and Managerial Staffs that workers at its Greenfields plant in North Wales had been exposed to carbon disulphate fumes, making them vulnerable to heart disease.

Courtaulds said that it "takes very seriously indeed its responsibilities in the matter of health and safety"—contrary to the impression given by the ASTMS report.

It has improved ventilation and other safety measures, and were continuing to do so.

Strike at Rolls-Royce plant to continue

By Our Labour Correspondent

WORKERS AT the Rolls-Royce aero-engine components plant at Hillington, in Glasgow, have again voted to continue their strike, now in its fourth week — but by only a slender majority.

The strike, by 1,500 craft workers in protest at new work timing, has caused the layoff of 2,500 manual workers and stopped production at the plant.

Mr Don McLean, Rolls-Royce's Scottish director, said yesterday that the future of the plant was in jeopardy. Further job losses, in addition to 500 mainly voluntary redundancies achieved earlier this year, were likely, he added.

Orders to Rolls' engine plants had gone down, and the company could not afford to carry more workers than it required. Cuts would be made in all departments, and "everybody's job is at risk."

The strike at Hillington was exacerbating the effects of the drop in orders.

Mr Callum Mackay, the district official of the Amalgamated Union of Engineering Workers, said last night that shop stewards had recommended a return to work because of the closeness of the vote.

However, the workers were angered by the suggestion of a return to work after the vote had gone against it.

The strike has been made official by the district committee, but has not yet been considered by the AUEW's national executive.

P & O hit as protest grows

By Our Labour Staff

A FURTHER two P & O ships remained in port last night following strike action by crewmen in sympathy with the sit-in by 350 seamen on two Liverpool-Belfast ferries, after the closure of the service on Wednesday.

Fourteen crewmen on the Elk a 9,000-ton container vessel, refused to take the ship out of Teesside last night and similar action blocked the sailing by the Pointer, a 1,200 ton cargo ship that works between Ardrossan in Scotland and Belfast.

Willey heads queue for Bills

By Elinor Goodman, Political Correspondent

MR FRED WILLEY, the retiring chairman of the Parliamentary Labour Party, yesterday came top of the annual ballot for Private Members' Bills. He was followed by Mr Norman Atkinson, a Labour left-winger, and Mr Michael Hamilton, Tory MP for Salisbury.

Mr Willey has not made up his mind about what Bill to introduce, but Mr Atkinson seemed set to use his place in the ballot to introduce a controversial measure—either setting up an independent complaints procedure for the police or "democratising" the Press.

The ballot is open to all backbenchers. A place towards the top of the list does not guarantee the passage of a controversial Bill, but coming high on the list does help the sponsors of less contentious Bills. A controversial bill towards the top of the list however, can block less controversial measures lower down.

Each year, all the 20 MPs who win places on the ballot are lobbied by pressure groups anxious to get Bills introduced. This year the anti-smoking lobby is particularly keen to have a Bill introduced banning cigarette advertising to replace the present voluntary agreement between the Government and the cigarette industry. The anti-abortion lobby again will be looking for an MP to tighten up the law.

Yesterday several of the MPs who had won places on the ballot had already received a letter from Mrs Mary Whitehouse asking them to introduce a Bill tightening up on the planning controls for sex shops. Other MPs were being lobbied to introduce legislation on the standards of meat hygiene.

Some of those who had won places lower down the ballot yesterday were already fairly clear about what they intended doing. Mr Michael English (Lab., Nottingham West) said he planned to introduce a Bill dealing with sex equality.

Nine to fight in Crosby poll

NINE would-be MPs are to fight the crucial Crosby by-election on November 26.

Nominations closed yesterday, with the SDP's Mrs Shirley Williams and the Tory and Labour candidates lined up against a hotch-potch of fringe challengers.

ENVIRONMENT SECRETARY PREPARED TO LOOK AT ALTERNATIVES TO LOCAL REFERENDUMS

Heseltine woos rates Bill critics

BY JOHN HUNT

MR MICHAEL HESELTINE, the Environment Secretary, last night offered a concession to his Conservative backbench critics and agreed to look at alternatives to his controversial proposal for introducing compulsory local referendums to control the level of rate increases.

"All I seek to do is to ensure that if there is a better solution to the problem which the Government faces then we should seek it with urgency," he told the Commons.

There were scornful jeers from the Opposition as he went on: "My purpose is not to argue the merit one way or the other about a given solution. I have an open mind about the method."

'If these proposals become law it will be closing time for local democracy'
—GERALD KAUFMAN

Mr Heseltine also promised to consider amending the Local Government Finance Bill so that the powers to make local authorities hold a referendum would be of only three years' duration.

The referendum proposals are contained in the Bill which has yet to have a Second Reading.

Under a continual barrage of hostile questioning from the Tory backbenches, the Environment Secretary outlined possible schemes that some might prefer as an option to the use of referendums.

These included removing the power of local authorities to levy a supplementary rate and —instead—proving that excess expenditure should be financed by borrowing. This borrowing would have to be repaid at the beginning of the next financial year.

There could also be a stipulation that a supplementary rate should be subject to approval by Parliament.

Mr Heseltine warned his critics: "There is no easy course for this party. We have a difficult choice to make but the fact that it is difficult does not make the need for it less urgent."

The House was debating a Labour motion upholding the autonomy of local government and opposing any attempt to undermine it by enforced referendums on the rates.

The motion pointed out that this scheme had been rejected by all local authority associations as unjustified, constitutionally unacceptable and technically unsound.

Mr Gerald Kaufman, Labour's environment spokesman, said that his party did not want the powers which were contained in the Bill. If it did reach the statute book then a future Labour government would repeal it.

"If these proposals do become law then it will be closing time for local democracy," he said.

Mr Heseltine emphasised that his Bill was only a sort-term solution until the Green Paper could be produced on an alternative to the present rating system and the entire question of rates reform could be thrashed out.

At this Mr Douglas Hogg (Con, Grantham) intervened to suggest that in that case the Government should have no objection to putting a time limit of three years on the powers in the legislation.

Other Conservative MPs shouted that the limit should be one year.

Mr Heseltine replied: "It would be a very sensible amendment to consider when we get the legislation."

He argued that the present situation had been forced on the Government by a minority of local authorities who had not kept their promise to contain spending.

"In opposition you can opt out of the lonely decisions, but £1bn worth of overspending cannot be ignored. This Government cannot turn its back on that degree of overspending," he said.

'A £1bn overspending is too large, too persistent and to flagrant'
—MICHAEL HESELTINE

Mr Heseltine reminded Conservative MPs that the party had been elected to fight this very problem. Time and again in opposition the Conservatives had attacked the high share of the burden falling on the private sector compared with the public sector.

He agreed that the local authority associations were opposed to the legislation. But the Government also had to consider the interests of ratepayers, industrialists and workers who could lose their jobs under the weight of public sector charges like rates.

"All these people are entitled to ask the Government to listen to their case and decide where freedom end and oppression begins," he said.

"The fact is that a £1bn overspending is not a marginal excess of legitimate freedom. It is the extravagant consequence of political licence. It is too large, it is too persistent, it is too flagrant."

Michael Heseltine: There is no easy course for this party

Minister praises shop-floor realists

BY IVOR OWEN

TRADE UNION leaders were accused of lagging behind their members in recognising the need to accept a reduction in living standards by Lord Cockfield, Treasury Minister of State, in the House of Lords last night.

He caimed that but for the militancy of the unions in pressing excessive claims in the 1979-80 pay round and the action of management in conceding them unemployment would not have reached present levels and Britain could have opted out of the world recession.

Lord Cockfield, answering an Opposition attack on the Government's economic policy in the final day's debate on the Queen's Speech, pointed to the collapse of the recent BL strike as evidence that the "bitter lesson" was being learned.

Although the latest and most dramatic, it was not the only example, he said.

Lord Cockfield stressed: "The rate of wage settlements in the last pay round was halved. In the coming year it will need to be drastically reduced again."

He said this point had been made forcibly in the Queen's Speech opening the new session and he acknowledged that there was an air of realism on the shop floor.

"The union leadership ought not to lag behind them," he insisted.

Like the Prime Minister and the Chancellor, Lord Cockfield rejected demands for the stimulation of demand by the introduction of reflationary measures.

"What we need is not artificial stimulation of the economy, but soundly-based growth. There are encouraging signs appearing."

Lord Cockfield maintained that the Government is providing the leadership the country needs to refashion its economy and rebuild its finances so that the British people could live successfully in a sharply competitive world.

"We have and will contine to set the parameters within which the economy needs to operate.

"There are no soft options. We delude ourselves, we delude our fellow citizens if we suggest there are."

To cheers from Government supporters, Lord Cockfield promised: "We will win this battle. Signs of success are appearing not everywhere but in sufficient numbers to indicate that we are moving firmly in the right direction."

LORD COCKFIELD: Bitter lesson is being learned

● Former Welsh Secretary of State and Agriculture Minister Lord Cledwyn of Penrhos, has been appointed Deputy Leader of the Opposition in the Lords.

The vacancy arose following the death last summer of Lord Goronwy-Roberts.

Thatcher denies 'conflict' on spies

Financial Times Reporter

THE PRIME MINISTER denied yesterday that there was any contradiction between her statement and that of the Attorney General on the number of people offered "inducements" to speak of Soviet infiltration into the security services.

"He gave the number to whom an informal inducement had been offered," she told MPs at Question Time.

"I gave the number from whom a confession had come as a result of an informal inducement. The two are perfectly compatible."

Mr Christopher Price (Lab. Lewisham W.) had urged Mrs Thatcher to "clear up the discrepancy" between her statement and that of Attorney General, Sir Michael Havers, this week on the Leo Long affair.

He asked: "Could you tell the House what the facts are in these matters, and how many is the number the Attorney General was referring to in 'a few' individuals being offered inducements to confess?

"You said there was one individual to whom inducements had been offered, and the Attorney General said there were a few."

In a Commons written reply to Mr Harvey Proctor (C., Basildon), Mrs Thatcher added that before Anthony Blunt's confession in 1964, separate records had not been kept of cases in which inducements had been given.

She went on: "To discover whether there were similar cases of 'inducements' before the beginning of 1964 would therefore involve detailed searches through individual case files, of a kind which would be unduly time-consuming and expensive."

● Critics of the Government's badger-gassing policy were rebuked during Question Time by Mr Peter Walker, Agriculture Minister. "It is absurd to say that any Minister should want to gas badgers for love of gassing badgers," he said. His department would continue to deal with the difficult task of controlling bovine tuberculosis in badgers—including the gassing of their setts where necessary.

Premier promises more efficient Civil Service

BY IVOR OWEN

THE PRIME MINISTER assured MPs yesterday that the changes to be made in ministerial responsibility for the Civil Service, following the decision to abolish the Civil Service Department, will save taxpayers money and improve efficiency.

She explained that the main financial saving would come from restoring to the Treasury control of Civil Service manpower numbers and associated administrative costs.

"That should lead to very much greater efficiency than we have seen in the last few years," Mrs Thatcher stated.

Doubts about the new arrangements were expressed in the House of Lords by Lord Soames who, until his removal from office in the recent Cabinet reshuffle, held ministerial responsibility for the day-to-day operations of the Civil Service.

Lord Soames said he had long felt that divided responsibility for financial control on the one hand and manpower control on the other was a bad thing for the Civil Service Department and for the national interest.

Responsibility

But while supporting the "broad thrust" of the changes announced by the Prime Minister, he had some fears that one form of dividing responsibility was being substituted for another.

He emphasised that while responsibility for pay and numbers would revert to the Treasury, responsibility for the organisation, management and overall efficiency of the home civil service and for policy on recruitment, training and other personnel management would remain with the minister for the Civil Service.

In her statement Mrs Thatcher justified this division of responsibility on the grounds that any Prime Minister, who will remain the formal head of the Civil Service, was bound to take a close personal interest in its efficiency in carrying out its functions and in the selection and development of its leading members.

Mrs Thatcher insisted there would be no total merger of the Treasury and the Civil Service Department.

"The efficiency of the Civil Service in carrying out its functions, and the selection and development of civil servants, are as important to the Government as the control of public expenditure," she said.

Day-to-day responsibility for the Civil Service would continue to be discharged by Baroness Young, the Chancellor of the Duchy of Lancaster and Leader of the House of Lords.

Duties 'same'

Mr Barney Hayhoe, Minister of State for the Civil Service, would become Minister of State at the Treasury and would continue to onswer to the Commons for the whole range of Civil Service matters.

The duties of the other Ministers of State in the Treasury would remain unchanged but Mr Jock Bruce-Gardyne would assume the title of Economic Secretary to the Treasury.

The Prime Minister said Sir Robert Armstrong would be Permanent Secretary of the new Management and Personnel Office and would continue as the Secretary of the Cabinet to head the Cabinet Office.

He would be assisted on the business of the new office by a second Permanent Secretary, Mr John Cassels. Mrs Thatcher disclosed that Sir Ian Bancroft, head of the Home Civil Service and Permanent Secretary to the Civil Service Department, and Sir John Herbecq, the second Permanent Secretary, both of whom were due to retire by the end of next year, had accepted the changes and agreed to leave the public service some months early.

On Sir Ian Bancroft's retirement, Sir Robert Armstrong and Sir Douglas Wass, Permanent Secretary to the Treasury, would become joint heads of the home Civil Service.

Volte face

Mr Michael Foot, the Opposition Leader, saw the decision to end the Civil Service Department as a volte face, compared with the statement which the Prime Minister made earlier in the year on the organisation of the Civil Service.

He asked if the Government's change of mind was brought about by the recent Civil Service dispute, and contended that the Treasury's record over the past few years had not been one of "brilliant success" justified extra power and authority being conferred upon it.

Mrs Thatcher replied that only part of the Civil Service Department would be transferred to the Treasury.

She added that experience had shown that one of the disadvantages flowing from the decision, taken 13 years ago, to set up a separate Civil Service Department was that it divorced central responsibility for the control of manpower from responsibility for the control of government expenditure.

Mr John Garrett (Lab Norwich South) argued that the changes made no sense at all. They were not the result of a rational anlysis, he said, but of one of the Prime Minister's "terrible tantrums" over the success of the Civil Service strike.

In the Lords, Labour's former Civil Service Minister Lord Houghton of Sowerby said: "This demolition job is one which will create deep dismay in the Civil Service and will stir up embers of discontent which are now lying about as a result of the recent pay dispute."

Editorial Comment, Page 18

Next week in Parliament

COMMONS

Monday: Civil Aviation (Amendment) Bill) Second Reading. Nuclear Industry (Finance Bill) Second Reading. Debate on the Young Workers Scheme.

Tuesday: Shipbuilding Bill Second Reading. British Shipbuilders Borrowing Powers (Increase of Limit Order) Debate on protection of battery hens.

Wednesday: Debate on government policy on higher education. Redundancy Fund (Advances out of the National Loans Fund Order).

Thursday: Debate on the Scottish economy and industry.

Friday: Debate on the report of the Royal Commission on Criminal Procedure.

LORDS

Tuesday: Hops Marketing Bill, Second Reading. Debate on hazardous waste disposal. Short debate on functions and accountability of internal drainage boards.

Wednesday: Debate on local government reform and elections. Short debate on poultry meat hygiene.

Thursday: Beverage Containers Bill, Second Reading. Debate on processing of textiles and clothing.

Former health ministers defended

THE GOVERNMENT was pressed in the Lords yesterday to give a "full explanation" of a newspaper report which claimed that two former Tory health ministers had been involved in efforts to divert prospective health service patients to a private hospital.

Junior health minister Lord Elton said nothing untoward had occurred and the ministers had been following Health Department policy.

Labour peer Lord Molloy said: "When things like this happen in newspapers there should be a full explanation."

But Lord Elton said the ministers' efforts had been "directed at assisting a number of health authorities in the long-established policy of using facilities outside the NHS

Councils face extra fire responsibility

NEW DUTIES are to be imposed on local authorities to ensure that hostels of three storeys or more have adequate fire escape facilities, Mr John Stanley, Housing Minister, said yesterday.

The new powers, contained in a parliamentary Order, will cover all hostels with a total floor area of more than 500 square metres, he said in a Common written reply. Basements are not included in the requirement.

The Order would be framed "sufficiently widely to cover those hostels where the potential risk is greatest without making it so wide that a major new administrative burden would be imposed on local authorities."

Treasury inherits thorny problem

White-collar civil servants face tough negotiations with their new paymaster, writes Philip Bassett

THE FIRST impact of the Government's decision to abolish the Civil Service Department and divide its funtions is likely to be on the thorny problem of pay increases for Britain's 540,000 white-collar civil servants.

While the group's settlement date is not until April next year, the effect of the deal which ended the 21 weeks of strikes over pay in the Civil Service earlier this year is to accelerate the pay timetable.

The Government promised both to allow negotiations to take place before cash limits were set and to allow any baulked negotiations to go to arbitration.

The announcement of a public service cash limit pay provision of 4 per cent, while not directly applicable to the Civil Service, made it clear that agreement in the negotiations would be unlikely.

The unions would have to submit a claim probably before Christmas to achieve an arbitrated settlement by the due date.

The unions have been preoccupied with preparing their evidence for the committee of inquiry on future pay determination chaired by Sir John Megaw which is due to report by next summer in time for the 1983 settlement.

However, most of the work is completed, and the unions are due to meet on November 24 to begin serious consideration on their pay strategy for this year.

While they will try to group round a common claim, there are wide differences. The militantly-led Society of Civil and Public Servants is making the running with a suggested claim of 21.5 per cent. The largest union, the Civil and Public Services Association, is more concerned about protecting its lower-paid members and many of the other unions have not yet decided.

Yesterday's announcement will give new impetus to the meeting since many union leaders see in it the resolution of a debate which has been running in Whitehall over what to do about Civil Service pay this year.

On one hand, the hawks of the Treasury and the Prime Minister's office have been effectively seeking this year the kind of settlement they hope will be the outcome of the Megaw inquiry—one in which market forces will have a much greater impact.

On the other hand the CSD, with some support from departments such as Employment and Health and Social Security, is arguing for a more cautious approach.

The Treasury has been considering making a range of pay offers to different groups based on occupation rather than a percentage spread according to grade. This would take account of shortages in such areas as London clerical staff and data processors.

It also wants to put a direct valuation on such factors as job security and index-linked pensions and for the offers to take account of this.

The CSD has been arguing for a single offer with departmental ministers shying way from handling what could be about 50 individual claims.

Union leaders were awaiting the outcome of the argument—but acknowledged yesterday that the effect of the division of the CSD's responsibilities meant that it may have gone by default.

As one Whitehall source put it yesterday: "Now that civil service pay will be under the Chancellor's direct control from next week he may well decide to go for individual negotiations."

Direct control of Civil Service pay was clearly a central factor in the decision to divide the CSD. Apart from its direct cost as a crucial element in public expenditure, the limitation of Civil Service pay increases is clearly used as a political example in other pay negotiations.

The impatience of the Treasury during the five-month dispute was clear and has been reflected both in the sacking of Lord Soames, the CSD Minister, in the September reshuffle and in yesterday's decision.

However, to penalise the CSD further for the strike and its outcome was regarded as odd by some union officials yesterday. "Who do they think was the loser in the strike?" said one.

The division is not expected to see any major acceleration in the drive to reduce the size of the Civil Service. The target of 630,000 staff in post by 1984 was one selected by the Prime Minister and despite difficulties such as rises in staff in the DE and DHSS because of rising unemployment the service is still very much on target.

The division is unlikely to materially affect the numbers—currently about 3,200 — employed in the CSD itself.

Most people are expected to be redistributed in line with the removal of functions to the Treasury or the Cabinet Office although some small cuts in support staff, such as messengers, can be expected but will be achieved largely by turnover and natural wastage.

ECHNOLOGY

EDITED BY ALAN CANE

Printed board unit

E BRISTOL division of itish Aerospace Dynamics oup has opened a 16,000 uare feet printed circuit ard production unit at a cost £2.25m.

The plant is designed to ild large numbers of boards small batch quantities, at gh quality levels. Output will clude single sided, double led and multilayer boards for th military and civil applica- ns.

Potential output is more than ,000 double Euroboards a ar (or the equivalent) of iich a third will probably be iltilayer. Sizes up to 20 x 15 ches can be accommodated. r multilayer, up to eight vers is the present limit though there are plans to in- ease this to 12.

Much of the output will be r the group's own aerospace oducts, but units will also be pplied to other organisations ien capacity is available. ore on 0272 693831.

Chuck for components

HYDRAULIC chuck for small thin walled components, and automatic gauge sizing sys- m, are just two of the many mpetitively priced options ailable with a new machine om MSM Machinery Centre Norwich), subsidiary of Mills arketing organisation.

The new internal grinding achine is known as the IGM S and has a fully automatic vcle which includes a rapid heel approach, coarse and ne grinding feeds, spark out d autosizing and wheel wear mpensation.

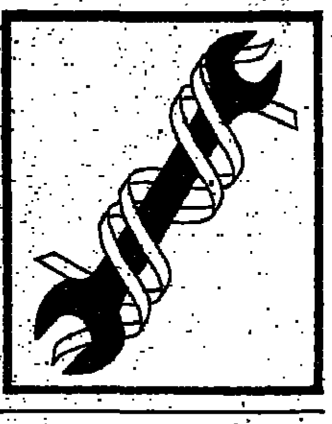
Elevator

ING SYSTEMS of St Neots, Huntingdon (0480 216666) has esigned a vertical elevator for dividual or cartoned products etween existing conveyors stalled at different levels. Up 50 kg can be handled but uch heavier loads are possible ith a modified cantilever plat- rm. Automatic loading and ischarge facilities are also vailable.

Biotechnology Report Part 6

By David Fishlock

How to pick the genetic company winner



BIOTECHNOLOGY INVESTMENTS, registered in Guernsey, has so far collected $46m from investors anxious to plunge into a future growth area . . . but where do you find the companies in which it is worthwhile to invest?

BIOTECHNOLOGY INVESTMENTS was born in the London offices of N. M. Rothschild & Sons last April and registered offshore in Guernsey. "I had the idea and I persuaded other people around here that it wasn't completely stupid," Lord Rothschild says. His "child's guide" to biotechnology for fellow directors is a model of lucidity.

Dr Alfred Spinks, chairman of the government's Advisory Council on Applied Research and Development (ACARD), and of the committee which produced the Spinks Report on biotechnology last year, is a fellow-director.

Within six months Biotechnology Investments has collected $46m from investors eager to plunge into biotechnology. Its big problem is how to invest it; how to pick winners from the plethora of publicity-seeking ventures chasing the latest developments in genetic engineering. "We're going very slowly. So many have overpriced themselves."

As founder and chairman of Biotechnology Investments—the only such fund investing exclusively in biotechnology—Lord Rothschild brings a range of experience to the new venture capital company.

Aromatics

As research co-ordinator of Royal Dutch-Shell in the 1960s he started the group's biotechnology activities, recruiting as his research manager a scientist knowledgeable about the growth of crystals with insecticidal properties inside bacteria.

In the late 1960s he plunged Shell into single-cell protein. But by using methane instead of a hydrocarbon feedstock he hoped the group might avoid the problems of purifying the product on which, in part, many hopes eventually foundered. "The great beauty about methane is that you haven't got aromatics in it."

He recognised, too, the paramount importance of fermentation technology to the commercial success of biotechnology. He set up a research centre at Sittingbourne specialising in fermentation. "The scale-up problems are more difficult than the average person thinks."

Then, when he retired from Shell in 1970, he established the Central Policy Review Staff or Whitehall "think-tank" for the Heath Government, where one of his first tasks was to take a critical look at the relevance of Britain's research base to national aspirations. The Rothschild Report on research is just 10 years old this month.

The prospectus of Biotechnology Investments reflects Lord Rothschild's experience. " . . . there will be many problems in converting research successes into marketable products . . . the time-scale for the commercial development of many of the processes is at least five years and it could be even longer . . ."

The objective is long-term capital appreciation by investing in quoted and unquoted shares worldwide, of companies involved in biotechnology. This include suppliers of specialised equipment such as "gene synthesisers" for research, or fermentation technology for production processes. Lord Rothschild puts considerable weight on the technological needs of the new industry.

As a venture capital company Biotechnology Investments aims to get in early, at the initial or secondary financing stages of a new biotechnology venture. "Otherwise we're not going to see the sort of return appropriate to a venture capital company."

Lament

He aims to keep its investment in quoted shares to the minimum necessary for stability, of the order of 20-25 per cent, and to pick companies with an unassailable reputation in commercial biotechnology. He is characteristically blunt about some of the unquoted shares Biotechnology Investments is avoiding.

So far, it has invested in only four unquoted shares, all offshore. Lord Rothschild laments the difficulties of finding ventures in Britain that match the bank's criteria. "It's rather disheartening."

Agrigenetics (Denver, Colorado) is the biggest, with sales last year of $85.4m and pretax profits of $9.1m. It was founded in 1975 as Grassland Resources, essentially a seed company, which through acquisitions finds itself today researching more than 50 crops. The bank has been investing here since 1975 and its founder and chairman, David Padwa, is on the board of Biotechnology Investments.

Agrigenetics is financing research in plant genetics out of its own profits. All told, it has more than 100 full-time researchers. Lord Rothschild makes it plain that he believes plant genetics—not pharmaceuticals—may turn out to be the most important application for biotechnology, because of its potential for increasing the world's food supply.

Applied Biosystems (San Francisco) is a start-up company formed by a couple of American professors, Leroy Hood of Caltech and Marvin Caruthers of the University of Colorado, to make and market their ideas for biotechnology research equipment.

Their first products will be "gene synthesisers" and the associated reagents. They are having their teething troubles with these tricky machines but the bank believes profits should flow sooner than from the following two biotechnology investments.

Applied Molecular Genetics (AMGen: Los Angeles), the newest, is a start-up company launched only last year, which is looking for new products in health-care, energy and agriculture, from its research in genetic engineering. It aims to have a research team of 36 by the end of this year, led by Dr George Rathmann, formerly vice-president for R and D in the diagnostics division of Abbott Laboratories.

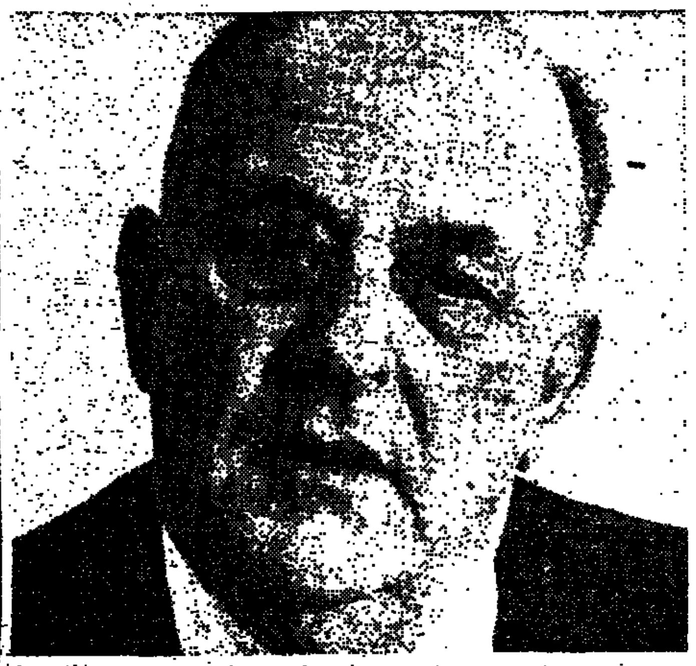
Repligen (Cambridge, Mass.) has received more than half the cash Biotechnology Investments has spent on unquoted shares. This is a start-up genetic engineering company founded by two MIT professors, Alex Rich and Paul Schimmel. Senior scientists from Upjohn and Corning have come in to manage Repligen's quest for new vaccines, drugs, amino acids and enzymes.

But investments in these four U.S. ventures have absorbed less than one-tenth of the cash that has flooded into Biotechnology Investments.

Rigorous

"We've been overwhelmed with people wanting us to invest their money," says David Leathers, the director of N. M. Rothschild Asset Management responsible for the venture. He is seeing about three proposals a week for investing its cash. "But we have rather rigorous criteria for what we invest in."

For a start, the science behind the new venture has got to be first-class.



LORD ROTHSCHILD: So far the company has invested in only four unquoted shares. The difficulties involved in finding ventures in Britain is "rather disheartening."

LORD ROTHSCHILD'S BIOTECHNOLOGY GLOSSARY

THE CELL: All living matter consists of cells most of which can reproduce themselves by dividing. They go on to divide many times more. Some living matter consists of a single cell, for example a bacterium, often called a germ or bug, though these words have a harmful implication whereas many bacteria are harmless or posively beneficial.

CHEMICAL REACTION: An example of a chemical reaction is: Hydrogen + oxygen reduces hydrogen peroxide. Hydrogen peroxide is a molecule which is something that consists of atoms such as hydrogen and oxygen. In the case of hydrogen peroxide two atoms of hydrogen combine with two atoms of oxygen — hence H_2O_2, the formula of the molecule of hydrogen peroxide.

CATALYST: Some chemical reactions proceed very slowly, hardly at all. But it may be possible to accelerate a reaction by means of a catalyst which therefore is a substance which accelerates a particular chemical reaction, without forming part of the products of that reaction. A catalyst might be a metal such as magnesium or platinum.

ENZYME: Enzymes are catalysts produced by living matter. They are very complicated molecules whereas catalysts, as in the case of magnesium, may be quite simple.

MOLECULAR GENETICS AND MOLECULAR BIOLOGY: Every cell continually engages in the chemical reactions required to maintain it's life processes such as breathing, reproducing, excreting and producing special substances. The study of molecules engaged in these chemical reactions is biochemistry and the further study of how the ability to engage in these reactions is passed on to future generations is called molecular genetics; genetics referring to the inheritance, by future generations of cells, of the ability to do the same things as their parents or grandparents. The whole subject (biochemistry and molecular genetics) is also called molecular biology.

DNA: This is a complicated molecule the full name of which is not worth committing to memory. Each cell has in it molecules of DNA. They contain the information necessary to govern the cells' chemical or biological processes. Like the cell in which it is contained, DNA reproduces itself.

The information contained in a molecule of DNA is derived from the particular arrangements of atoms in that molecule. DNA is somewhat like the tape in a teaching cassette to which the cell can listen and carry out the instructions on the tape.

Short lengths of DNA, which control and direct particular operations, are genes. Each gene is responsible for the production of a particular protein, such as an enzyme, a particular hormone, or another complex substance the cells need to live and perform their allotted functions such as being a muscle cell, a liver cell, a cell which produces hair and so on.

DNA can reproduce itself, so when a cell divides, each resulting cell will be an exact copy of the original in terms of its genetic constitution, and will have the capacity to perform exactly the same chemical and biological operations. However, in higher organisms there may be different sorts of cells because different genes are "switched on" in different cells.

In very recent years scientists have discovered how to dissect DNA with micro-scissors, which are in fact enzymes, and put the DNA together again in new and convenient ways. This is known as "gene splicing" and makes it possible to splice the small segments of DNA — genes concerned with a particular activity — onto the DNA in other living material such as bacteria, yeast, plants and animals.

As a result the other living material becomes "instructed" to produce substances of value to man such as insulin or interferon (a substance which attacks viruses and, perhaps, some cancer cells), and, in the future, drought-resistant plants, disease-immune plants and even, ultimately perhaps, to convert coal to gasoline.

ANTIBODIES: Antibodies are molecules that recognise and have an affinity for the shape of other molecules. Living matter reacts to foreign invasions by producing antibodies, complex molecules which recognise the foreign invaders, clamp on to them and neutralise them. Biotechnology or molecular biology has enabled scientists to cultivate antibodies in extremely pure form.

As a result these can be used very selectively to neutralise unwanted "foreigners" and for important diagnostic purposes. The cells and their offspring which produce these antibodies can go on doing so indefinitely. Such antibodies are called monoclonal antibodies.

It is impossible to predict the number of applications of biotechnology. They range from sewage conversion, through the production of vitamins, to curing the common cold. Such applications, or similar ones, will develop from the mid-1980s onwards.

Controller for rail traffic

RAILWAY TRAFFIC can be more quickly and accurately controlled using the Westronic System Two, a microprocessor-based signalling system just developed by Westinghouse Brake and Signal Company at Chippenham, Wilts (0249 4141).

It combines greatly increased control ability with detailed train tracking and important supervisory and management communication facilities. Information is transmitted by cable or radio between control centres, sub-stations and out-stations and the equipment is fully compatible with existing computerised traffic information systems worldwide.

The new system is composed of a relatively small range of parts that can be assembled in modular fashion and combined with the right software to meet operating requirements in most parts of the world.

Spark erosion

THE MECRODE range of deep sinking spark erosion machines has an addition to the range with the Maxim, introduced to follow the Minim EDM machine launched last March. The new machine is larger with a work-table mounting surface of 560 mm by 380 mm and can accept workpieces up to 400 mm high and weighing up to 800 kg.

The Mecrode range comes from Matchless Machines, Horsham, West Sussex, but its Spark Erosion Division is at 8, Bilton Road, Bletchley, Milton Keynes, 0908 70912.

Wine bottling

SMALL wine bottlers might be interested in the Seitz Tirax, a mobile low vacuum monoblock 8/head filler which can handle bottles up to 2 litres capacity with output, depending on requirements, between 300 and 1,500 bottles per hour. The Tirax costs about £8,000 and more details are available from Seitz, High Street, Addlestone, Surrey. 0932 54456.

THE PROPERTY MARKET

BY MICHAEL CASSELL

Cannon Street coup for Trafalgar House

TRAFALGAR HOUSE has just completed one of the smartest lettings seen in the City for many a year.

At the centre of a deal which has caused considerable surprise and not a little admiration around the market, is 80, Cannon Street, the distinctive, ten-storey office building next to Cannon Street station.

The third floor of the building, comprising 4,700 sq ft of floorspace, has been let at a rent of about £25 a sq ft to the Thai Farmers Bank. But it is not so much the rental which has provoked interest — although it is unquestionably an excellent one and in the minds of some agents, a surprising one—as the manner in which Trafalgar House has played its cards.

It appears that when it became clear the previous occupants—Oceanic—were going to vacate the space, Trafalgar bought in the remaining lease for a premium something in excess of £100,000, a price which included a considerable fixtures and fittings content but which nevertheless ranks alongside some of the biggest premiums achieved.

Oceanic were thought to be paying around £13.50 a sq ft and Trafalgar Houses pleasure at achieving such an uplift will be considerably heightened by the fact that reviews for all the remaining tenants are just around the corner.

Rents in the building are currently though to run from around £13.30 to nearly £19 a sq ft so Trafalgar has managed to establish a new and top-rank rental level with which to commence review negotiations.

The Thai Bank is currently in Lombard Street, but it is understood that its lease there is about to expire and that it has been under some pressure to find a new home. The floor at 80 Cannon Street offered the perfect solution — complete floors of prime, air-conditioned space in the central area are hard to find—and the bank was quick to reach agreement.

Reviews

Tenants in the building, completed by Trafalgar House in 1976 and retained in the group's investment portfolio, include other foreign banks and it is understood that reviews commence next spring.

The deal underlines the continuing importance of foreign banks in the City office market and the fact that, despite the relatively weaker office market, prime, modern space in good locations still has no trouble in commending very high rents.

Debenham Tewson and Chinnocks represented Trafalgar House in the deal and Vigers acted for the Thai Farmers' Bank.

Speyhawk gets £20

SPEYHAWK LAND and Estates has prelet its London office development at 3 Jewry Street, City, for a rent thought to be just over £20 a sq ft.

R. Miller, insurance brokers, have agreed to take the 10-storey building, Sir John Cass House, which comprises 36,400 sq ft of office space and 15,000 sq ft of residential accommodation.

The development is due to be completed next Spring and is being financed by Vauxhall and Associated Companies Pension Fund. Joint letting agents were Jones Lang Wootton, Hillier Parker May and Rowden and Biscoe and Stanton. Savills acted for the tenant.

● Airways Pension Fund was yesterday assessing the damage to its office development at 68-73 Cornhill, City, which caught fire on Tuesday night. The 30,000 sq ft building was *in the process* of being redeveloped and the fund said yesterday that it was too early to say whether the fire will delay completion. The fund acquired the building on a long lease last year. Cause of the fire is not yet known.

● Hunting Gate is to develop a £1m plus factory scheme in the London Borough of Barking and Dagenham. The development is located on a two-acre site in Thames Road on the main River Road Industrial Estate. It will provide 35,236 sq ft of industrial space in 19 units

Grosvenor growing

GERALD GROSVENOR, sixth Duke of Westminster and London's largest private landlord, admits to being "unfashionably English," but his allegiance to the UK is not preventing the Grosvenor Estate from markedly stepping up its overseas property investment and development interests.

The working of the Grosvenor Estate, born out of a central London snipe bog over 300 years ago and now extending from 300 acres of Mayfair and Belgravia to exotic, far flung places like Hawaii and Runcorn New Town, are for the most part shrouded in privacy.

This week, however, the Sixth Duke, chairman of the Estate's trustees and as likely to be found sheering Grosvenor Estate sheep in the Australian outback as steering his Aston Martin through the (Grosvenor Estate) streets of central London, gave a rare insight into the operation and likely future direction of his property empire.

He told members of the Royal Institution of Chartered Surveyors that taxation and political pressures on an Estate such as his made it impossible to plan for more than a few years ahead and the uncertain business environment was giving rise to increasing concern.

Not least among the list of *uncertainties is the future* of 600,000 sq ft of Estate-owned office space in central London which is currently subject to *temporary* office consent and due to revert to residential use in 1990. Westminster is talking to Westminster and the hope is that a more permanent office classification can be arranged to avoid the nightmare of conversion back to private homes.

Overall, the Estate has 5,500 properties in Belgravia and Mayfair, entailing a mix of commercial and residential accommodation.

As the Estate attempts to cope with such diverse matters as hostile politicians, crippling capital taxes and a Leasehold Reform Act which is tantamount—in the Duke's opinion—to slow-scale confiscation of his property, the extent of Grosvenor's overseas activities is becoming increasingly important.

The Estate's UK property portfolio—invariably channelled through Grosvenor Estate Commercial Developments — has been built up considerably over the last ten years (it contains around 40 properties plus shopping centres) but much of the emphasis in the last five years or so has been abroad via Grosvenor International.

The Duke describes this heightened interest in foreign property markets as "a comforting insurance policy" and although he stresses that any deliberate, substantial depletion, of its UK holdings is unthinkable, the inescapable conclusion is that the Estate is set to become even more inter*nationally-minded*.

The United States is clearly the Estate's favourite target and it intends to expand existing operations on the west coast while possibly looking for opportunities in the "sun belt."

According to Gerald Grosvenor, the U.S. has "the vision, the enthusiasm, the stamina and the land" to justify the Estate's growing commitment there and Canada—where the Grosvenors began their North American adventure in the early 1950s—will also be high on the list of priorities. The Estate already owns and operates several shopping centres in British Columbia.

The Duke says the U.S. has by far and away the greatest long-term promise and is full of praise for the speed at which schemes there can be pursued.

"Developments can be put *up in one* quarter of the time it takes over here, where the planning system creeps along at a ridiculously slow pace."

But despite the daunting list of commercial and political problems which confront the Estate at home, Gerald Grosvenor pledges that overseas ambitions will never be fulfilled at the expense of the Estate's UK holdings. He accepts that he may be a threatened species—his view of Tony Benn is somewhat predictable—but he intends, with the help of his fellow trustees, to stand his ground.

● Work has started on a £2.3m office scheme by Lovell Developments and Hill Samuel at Coombe Cross, *Croydon*. The scheme will proide 33,000 sq ft offices and a showroom. The development is due to be completed at the beginning of 1983. Richard Ellis and McDonalds of Horley are the letting agents.

London & Leeds goes West End shopping

THE RAPID emergence of the Ladbroke group as a force to be reckoned with in the property development world took another stride forward this week with news that it has acquired the former Debenham and Freebody store in London's Wigmore Street.

Through London and Leeds Investments, run by Mr Kurt Kilstock, Ladbroke intends to succeed where Brent Walker failed. The leisure group, headed by former boxer George Walker, proposed to turn the Wigmore Street property into a luxury West End hotel but when planning permission finally arrived for the listed building, the scheme was considered unviable and the purchase from Debenhams fell through.

Mr Kilstock and his colleagues have other plans, however. The group has paid £6.5m cash for the freehold and planning consent has been obtained for construction behind the Edwardian facade of 60,000 sq ft of office space, 40,000 sq ft of apartments and 6,000 sq ft of retail space.

Mr Kilstock expects work to begin within six months and says the scheme should be complete by the end of 1983. The total value of the created investment is likely to be over £25m. London and Leeds were advised by Verschoyle Fleming.

The Wigmore Street deal comes only three months after London and Leeds beat the field to sign a *deal with the Savoy* Hotel to redevelop part of the Strand landmark to provide 50,000 sq ft of offices and 21,0[illegible] sq ft of residential space. The company paid £7.25m in return for a 999-year lease on Savoy Court East and has agreed to pay a further sum equal to [illegible] per cent of the surplus value created by the redevelopment. Mr Kilstock said yesterday that detailed planning consent was expected soon.

The London & Leeds 25-acre industrial park off the Edgware Road in north London is also well underway and the first phase, most of which will be occupied by General Motors — original occupiers of the site — was opened this week one month ahead of schedule. On completion in 1985, the Capitol Industrial Park will contain 550,000 sq ft of factory, warehouse and office accommodation worth around £30m.

Mr Kilstock said that Ladbroke's expanding property operations were intended to make an increasingly important contribution to the group and the United States in particular would be at the forefront of its development plans. London and Leeds is currently developing an office park at Westchester, New York State, as well as offices in Coral Gables, Florida.

"We are interested in all prime development opportunities which come along and are permanently in the market place," Mr Kilstock added.

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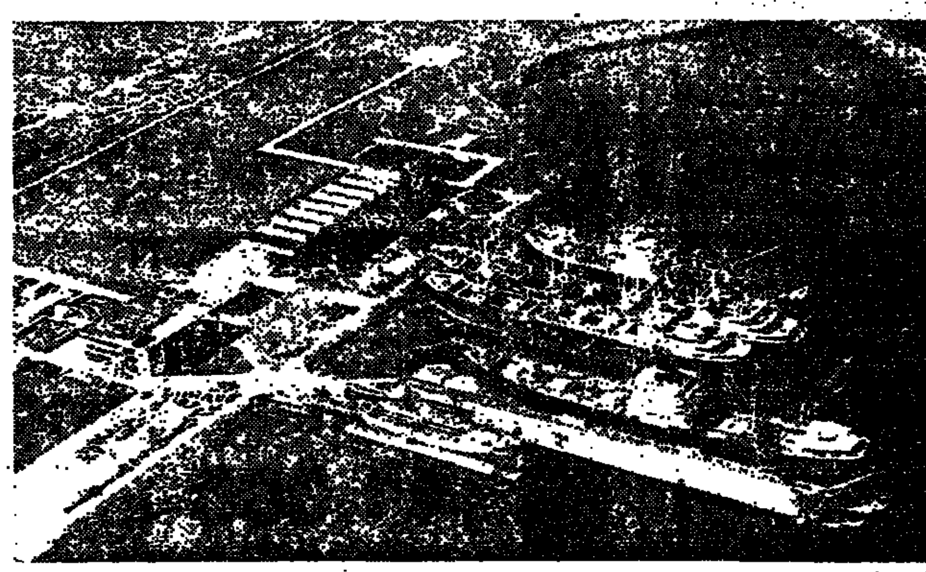

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TELEVISION

BBC 1

9.00 am For Schools, Colleges. .30 pm News After Noon. .57 Regional News for England xcept London); London and ; only: Financial Report, News adlines with subtitles. 1.00 bble Mill At One. 1.45 The umps. 2.02-3.00 For Schools, lleges. 3.20 India. 3.53 Regal News for England (except ndon). 3.55 Play School. 4.20 urel and Hardy cartoon series. 5 Jackanory with Tom Conti. 0 The New Shmoo. 4.50 ackerjack. 5.35 The Amazing lventures of Morph.

5.40 News.
6.00 Nationwide (London and South East only).
6.22 Nationwide, including 6.45 Sportswide.
7.00 Whatever Happened to the Likely Lads?
7.30 Terry and June starring Terry Scott and June Whitfield.
8.00 Kessler.
8.50 Points of View with Barry Took.
9.00 News.
9.25 Starsky and Hutch starring Paul Michael Glaser and David Soul.
0.15 On The Town (London and South East only).
0.45 News Headlines.
0.50 Men of the Year.
1.20-12.55 am The Late Film: "The Crooked Road," starring Robert Ryan and Stewart Granger.

Chris Dunkley: Tonight's Choice

A busy night. BBC-1 starts a re-run of that excellent comedy series **Whatever Happened To The Likely Lads** which, believe it or not, is now eight years old. The quality comes from the writing of Dick Clement and Ian La Frenais, the pair who later wrote "Porridge." The Lads form a double-header with yet another series of **Terry And June** which (having started under the title "Happy Ever After") must now be the longest running sitcom on British television. And those two run straight into a new series called **Kessler** which is another spin-off: "Secret Army" ended with S.S. and Gestapo chief Kessler evading capture by the Allies, and this new series finds him again in today's Brussels. A journalist recognises him as the prosperous industrialist now living under a different name.

On BBC-2 **Newsweek** asks "Does television tell the truth?" Robert Kee talks to Tony Benn about why he thinks there is bias in the mass media; and "Playhouse" features **Autumn Sunshine** which William Trevor has adapted from his own short story. Set in Ireland it concerns a clergyman whose wife has recently died and whose four daughters come home to see him. His favourite daughter, Deirdre, brings a husband who is obsessed with past English atrocities in Ireland.

ITV offers **Soap** which gets better as it gets madder.

BBC 2

11.00 am Play School.
12.50 pm Racing from Cheltenham.
3.05 Tennis: Benson and Hedges Championships.
†5.40 "Tarzan Escapes," starring Johnny Weissmuller and Maureen O'Sullivan.
7.10 News Summary.
7.15 Prize Cats.
7.40 Hold Down A Chord.
7.55 In The Country.
8.25 Newsweek.
9.00 The Mike Harding Show.
9.30 *Playhouse.*
10.30 Friday Night ... Saturday Morning (Part 1).
10.45 Newsnight.
11.30 Friday Night ... Saturday Morning (Part 2).
12.20 am Tennis highlights.

LONDON

9.35 am *Schools Programmes.* 12.00 A Handful of Songs. 12.10 pm Once Upon A Time. 12.30 100 per cent Responsibility (Helene Hayman talks to single fathers and mothers about their problems and further relationships after a marriage breakdown). 1.00 News plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Taff Acre. 2.00 After Noon Plus presented by Elaine Grand and Simon Reed. †2.45 Friday Matinee: Cecil Parker and David Tomlinson in "The Chiltern Hundreds." 4.15 "What's Up, Doc?" 4.20 Storybook International 4.45 Spectrum presented by Paul Henley. 5.15 White Light.

5.45 News.
6.00 Thames News with *Andrew Gardner and Rita Carter.*
6.30 Thames Sport:
7.00 The Amazing Spiderman.
7.55 Bruce Forsyth's Play Your Cards Right.
8.30 That's My Boy.
9.00 The Gentle Touch starring Jill Gascoine.
10.00 News.
10.30 Soap.
11.00 The London Programme: Stansted Airport.
11.35 Police 5 with Shaw Taylor.
11.45 Strumpet City.
12.45 am Close: Personal Choice

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA

12.30 pm Fit For Living. 1.20 Anglia ws. 2.00 Houseparty. †2.25 Friday m Matinee: "The Colditz Story." rring John Mills and Eric Portman. 5 End of Part One. 6.00 About glia. 11.00 Members Only. 11.30 day Late Film: "Last Summer." 0 am Window on the World.

ATV

12.30 pm Fit for Living. 1.20 ATV ws. 2.45 Movie Matinee: "The Girl ho Couldn't Say No." 5.15 Here's omer. 6.00 ATV Today including V Sport. 10.30 Going Out. 11.00 ATV ws. 11.05 Thriller: "The Devil's eb," starring Diana Dors.

BORDER

12.30 pm Fit For Living. 1.20 Border ws. 2.45 Matinee: "Nearest and arest," starring Hylda Baker and mmy Jewel. 5.15 Bygones. 6.00 Lookaround Friday. 6.30 That's Hollywood. 10.30 Superstitions. 11.00 Soap. 11.30 Border News Summary.

GRAMPIAN

9.30 am First Thing. 12.30 pm Fit for Living. 1.20 North News. 2.45 Friday Matinee: "Never Let Go," starring Peter Sellers. 5.15 Happy Days. 6.00 North Tonight including Sports Desk. 10.30 Points North. 11.30 Tenspeed and Brown Shoe. 12.30 am North Headlines.

GRANADA

11.54 am The Bubblies. 12.30 pm Fit for Living. 1.20 Granada Reports. 2.00 Live from Two. †2.45 Friday Matinee: "Judgement Deferred." 5.15 Survival. 6.00 Granada Reports. 6.30 Kick Off. 10.30 A Week on Friday. 11.00 Soap. 11.30 The Late Film: Richard Burton in "Villain."

HTV

12.30 pm Fit for Living. 1.20 HTV News. 2.45 Swifty and Shorty. 2.50 "In Name Only." 5.15 How's Your Father? 6.00 Report West. 6.30 The Longest River. 10.28 HTV News. 10.30 Report Extra. 11.00 "Desperate Characters," starring Shirley MacLaine.

HTV Cymru/Wales—As HTV West except: 10.48-11.03 am Y Byd A'i Bethau. 11.50 Cartoon Time. 12.00-12.10 pm Ffalabalam. 1.30-2.00 Happy Days. 4.15-4.45 Plant Y Stryd. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Taff Acre. 10.30-11.00 Outlook.

SCOTTISH

12.30 pm Fit for Living. 1.20 News, Road and Weather. 2.45 Friday Matinee: "Ebony, Ivory and Jade" 5.15 Take the Stage. 6.00 Scotland Today. 6.25 Sports Extra. 6.45 Hear Here. 10.30 Ways and Means. 11.00 Soap. 11.30 Late Call. 11.35 Jericho.

SOUTHERN

12.30 pm Fit for Living. 1.20 Southern News. 2.00 Houseparty. 2.25 "In the Matter of Karen Ann Quinlan," starring Brian Keith. 5.15 Here's Boomer. 6.00 Day by Day. 6.00 Scene South East (South East Area only). 6.30 Out of Town. 10.35 "Hit," starring Billy Dee Williams.

WESTWARD

12.27 pm Gus Honeybun's Birthdays 12.30 Fit for Living. 1.20 Westward News Headlines. 2.45 The Friday Matinee: "The Girl Who Couldn't Say No." 5.15 The Adventures of Niko. 6.00 Westward Diary. 10.32 Westward Late News. 11.05 Friday Late Night Movie: "Eye Witness," starring Lionel Jeffries. 12.45 am Faith for Life. 12.50 West Country Weather, Shipping Forecast.

YORKSHIRE

12.30 pm Fit for Living. 1.20 Calendar News. †2.45 Friday Film Matinee: "Never Let Go." 5.15 Here's Boomer. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport. 11.00 The Friday Night Film: "Love in the Suburbs."

RADIO

(S) Stereophonic broadcast
‡Medium wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 00 Simon Bates. 11.30 Dave Lee avis. 2.00 pm Paul Burnett. 3.30 eve Wright. 5.45 Roundtable. 7.00 ndy Peebles. 10.00-12.00 The Friday ock Show (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry ogan (S). 10.00 Susannah Simons). 12.00 John Dunn (S). 2.00 pm Stewart (S). 4.00 David Hamilton). 5.45 News, Sport. 6.00 David ymonds with Much More Music (S). 00 Barn Dance in The Radio 2 allroom (S). 8.45 *Friday Night is* usic Night with the BBC Concert rchestra (S). 9.55 *Sports Desk.* 10.00 oddy's Different Show with Ken Dodd. .30 The Bing Crosby Show. 11.02 Sports Desk. 11.03 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You And The Night And The Music (S).

RADIO 3

6.55 am *Weather.* 7.00 *News.* 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (cont.). 9.00 News. 9.05 This Week's Composer: Strauss (S). 10.00 Harrogate International Festival 1981 (S). 11.30 Spanish Music (S). 12.15 pm Midday Prom (S) from the Royal Northern College of Music, Manchester, part 1 (S). 1.00 News. 1.05 Interlude. 1.20 Midday Prom, part 2 (S). 2.05 Stephen Roberts (Baritone) song recital (S). 3.20 Style Galant (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S): 6.55 Play It Again (S). 7.00 Haydn (S). 7.30 Stephen Bishop-Kovacevich piano recital, part 1 (S). 8.10 A Country Tapestry. 8.30 Piano Recital, part 2 (S). 9.20 The Mutilation of Hercules by Kenneth Hudson. 9.30 Britten and Bliss concert (S). 10.10 Souvenirs of Chabrier (S). 11.00 News. 11.05-11.15 Gurney (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs. 9.45 A Sideways Look At . . . by Anthony Smith. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Time Is So Short. 11.50 Natural Selection. 12.00 News. 12.02 You and Yours. 12.27 The Senior Partner. 12.55 Weather, Programme News. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.05 Poetry Please (S). 4.15 Herbs, Useful Plants. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 *Weather, Programme News* 6.00 News, including Financial Report. 6.30 Going Places 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 The Week in Synod. 8.30 Any Questions? 9.15 Letter from America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 John Ebdon with recordings from the BBC Sound Archives. 12.00 News.

FT COMMERCIAL LAW REPORTS

Charterer's right to withdrawal notice

ITALMARE SHIPPING CO v OCEAN TANKER CO INC
Queen's Bench Division (Commercial Court): Mr Justice Parker: November 11, 1981

WHERE CHARTERERS of a vessel inform the owners of *the reason for default in hire payment,* implying that they have no intention of paying, they do not thereby waive their right under an "anti-technicality clause" in the charterparty to 48 hours' notice of an intention to withdraw the vessel.

Mr Justice Parker so held when allowing an appeal by Italmare Shipping Company, charterers, from an award by an arbitrator in favour of Ocean Tanker Co. Inc., disponent owners, in a dispute arising out of a charterparty agreed between the parties.

* * *

HIS LORDSHIP said that the charterers hired the Rio Sun from the owners for a transatlantic round voyage. The charterparty provided that, were the charterers to fail to make punctual and regular payments of hire, the owners should be at liberty to withdraw the vessel from their service. Such liberty was, however, subject to an anti-technicality clause in the charterparty, which provided that the owners should give 48 hours' notice of their intention to withdraw the vessel.

The charterers failed to pay an instalment due on May 22, 1980, and on May 27 the owners, by telex, notified them that payment was due, and requested information as to the position. Instead of paying the instalment, the charterers, on the same day, replied by telex setting out a provisional statement of costs and claiming to make deductions from the payment due for bunkers and disbursements. On May 29, the owners withdrew the vessel.

The question for determination by the arbitrator was whether the owners were entitled to withdraw the vessel from the charterers' service. The owners contended that they were entitled to do so on the grounds, *inter alia*, that their telex was a valid notice under the anti-technicality clause, and that the charterers, by their telex, had waived any right to such a notice.

*

The arbitrator concluded in a reasoned award that the owners' telex was an insufficient notice under the anti-technicality clause, "being only an inquiry for full details of the non-receipt of hire." He took the view, however, that the charterers, by their telex, had waived any rights to a notice under the clause, "as a reasonable owner would have been entitled to take the view that such a notice would have served no useful purpose in view of the charterers' declared intention not to make any payments." Having rightly held that the deductions set out in the charterers' telex were not permissible, and that the hire claimed was due, the arbitrator concluded that the owners had lawfully withdrawn the vessel, on the ground that the charterers' telex absolved them from giving notice.

With regard to the owners' telex, that was no more than an inquiry as to what had happened to the hire. The anti-technicality clause required owners to give the charterers 48 hours' notice "in order to rectify the clause for such delay." A notice need not refer to the clause, but it must make clear that the owners required the cause of delay to be rectified within 48 hours, failing which the vessel might be withdrawn. To construe the owners' telex as a notice would be to rob the anti-technicality clause of its clearly intended protection to the charterers against the vessel's suddenly being withdrawn without warning. A document which said no more than that the hire had not yet been received and which requested information about the position, could not reasonably be interpreted as a notice, 48 hours or otherwise, to rectify the cause of delay.

*

As for the charterers' telex, the arbitrator concluded that it constituted a declared intention not to pay, but he went no further than that. All he said was that the telex amounted to a waiver because a reasonable owner would have been entitled to conclude that a notice would serve no useful purpose in view of the charterers' declared intention. He did not say that the owners did take such a view, or that they refrained from giving a notice because they had taken such a view. There were thus insufficient findings to support the waiver argument. The charterers' telex was no more than an explanation as to why the hire had not been paid. It might be that it was a declaration of an intention not to pay, but there was no possible ground on which it could be construed as an implied clear and unequivocal representation that the owners need not give the required notice. The arbitrator was clearly wrong in holding that the telex constituted a waiver.

Mr Steyn for the owners, put forward as his principal argument the contention that they were excused from giving notice on the basis of an alleged principle of law which he described as the "futility principle." That alleged principle, which he asserted was of general application, was founded on the judgment of Lord Denning MR in *Barrett Bros (Taxis) Ltd v Davies [1966] 1 WLR 1334.* In that case a motorcyclist was insured at Lloyd's. It was a condition precedent of the policy that should he be involved in an accident he should immediately forward any notice of intended prosecution or other information, to the insurers. After a collision with a taxi he failed to forward the required information, but the insurers received all necessary details from the police. The insurers later repudiated liability for non-compliance with the condition. Lord Denning said, "... it was unnecessary for the motor cyclist to send the documents to the insurers. They had all the relevant facts . . . from the police . . . The law never compels a person to do that which is useless and unnecessary."

It would be going much further than Lord Denning intended if that were to be taken as establishing some general all-embracing unqualified principle. It must be taken in its context and not elevated to the status of a principle which would be unworkable. Taken in context it did not avail the present owners. The essence of the position in *Barrett's* case was that the insurers for whose protection the notice was required had received notice of all relevant facts from a third party. The present case was wholly different and Lord Denning's statement did not apply. He would be surprised to know that it had been suggested that it did.

*

Furthermore, it was to be noted that Lord Denning's statement referred to something which *was* useless and unnecessary, not to something which the party seeking to be absolved thought *would be* useless and unnecessary, or as the arbitrator said, "would serve no useful purpose." Hence, even if the "futility principle" were wider than his Lordship believed it to be, it would still be of no avail to the owners, for they could point to nothing more than the finding that a reasonable owner *would have* been entitled to form the view that a notice *would have* served no useful purpose.

For the charterers: Stewart Boyd QC and Timothy Young (Richards, Butler & Co.).

For the owners: J. V. Z. Steyn QC and David Mildon (Coward Chance).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

SOME POPULAR veterans, including Casbah, Gandy VI, Master Smudge and Beacon Light, are on duty at Cheltenham today where the first named will be bidding for a repeat success in the John Seyfried Mickleton Chase over two miles.

A remarkably resilient grey who was winning at the first time of asking last season in this event when getting up close home to beat Drusus, Casbah failed to oblige in five subsequent races.

However, he retained his form in creditable style for a 14-year-old and put up his best performance in a long while when he took third place behind Friendly Alliance and Pine Brook in the Festival Meeting's Grand Annual Handicap.

Casbah, again ridden by Hyell Davies, must go well with 9 lb less in the saddle than last year, as must Tsuru. At the last meeting at Cheltenham Sheikh Ali Abu Khamsin's chaser had Prayukta over 25 lengths back in third place when getting the better of Sweeping Along in the 2½ miles W. G. Craven Chase. Although Prayukta returns to the fray over a more favourable trip and on 5lb better terms, Tsuru should again come out the better.

However, neither, I hope, will foil Casbah's attempt on the double.

Half an hour before the John Seyfried event there is likely to be little in it at the close of the Cheltenham 150th anniversary chase. Here, Neville Crump's Sparkie's Choice and the George Fairbairn trained Sugarally have strong claims.

Sugarally may not find the fast pace he requires over this three miles.

Any backer in trouble—as the closing event, the Lansdown four-year-old hurdle, approaches—could not be blamed for contemplating a "getting out" plunge on Broadsword.

CHELTENHAM
12.30—Wait and See
1.05—Angelo Salvini
1.40—Sparkie's Choice***
2.15—Casbah
2.50—Grey Mate**
3.25—Broadsword

NEWCASTLE
1.15—Rag Dancer
2.15—Go On Joe
3.45—Raconteur*

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

How 'dogs' can be given more bite

Michael Goold argues that potential is to be found in apparently unattractive businesses

On Wednesday, in the first article in a series, we examined why the Boston Consulting Group's famous portfolio matrix has come under growing attack for being "misleading." Two key areas of complaint are the excessive importance it has attributed to market share, and BCG's frequent statement in the past that 'dogs' "are essentially worthless." Since such businesses now comprise the bulk of many companies' portfolios, we asked a senior BCG consultant to re-state the relevance *of the matrix in today's* world. His article appears below.

ALL BUT a fifth of the businesses in most companies' portfolios are what have come to be known as "dogs"—with relatively weak competitive positions in low growth and mature markets. But the portfolio management concept has sometimes been interpreted to suggest that dogs should be eliminated. So is it of any practical value to the average company in today's low growth environment?

The portfolio concept is about selectivity in the management of different businesses. In a period of low growth or recession, such selectivity becomes even more essential. But it is also important to identify strategies for the so-called dogs that are realistic and will allow them to make as much contribution as possible within the *corporate portfolio.*

The fundamental guidelines for managing a dog are to recognise that ambitious growth-oriented strategies are likely to fail, and that a careful watch needs to be maintained on the cash flow performance of this quadrant. Within these guidelines, however, distinctions need to be made between different types of dog businesses and many dogs can pursue a variety of useful strategies in the overall portfolio.

In assessing strategy, it must first be recognised that the value of market leadership differs between businesses. In many branded consumer products it is extremely difficult for second and third brands to come close to matching the performance of the leader, due to the cumulative effect of market share on the price a company can charge and on unit marketing and distribution costs.

Conversely, in large markets for commodity paper products, where there is sufficient volume to allow several competitors each to employ scale paper making facilities, the differences between competitors may be much more limited. The competitive difficulties faced by a dog business therefore depend heavily on the degree of differences between competitors in the business. Where there are no conclusive advantages to leadership, it may be advisable to live with and maintain a dog position, rather than to attempt to change it.

Even in businesses where *competitive differences* are substantial, a distinction needs to be made within the dog quadrant of the portfolio matrix between businesses that are close to parity with the leading competitor and those that are more severely disadvantaged. In many cases businesses that are close to parity with the leader—i.e. close to the cash cow quadrant—can maintain a strong positive cash flow. There is, of course, some vulnerability to increased aggressiveness by *the leader, but a stable com*petitive equilibrium can often exist for long periods of time. Such businesses may not be quite so profitable and secure as genuine cash cows, but they should fulfil some of the sheet anchor functions of the cash cow. Maintenance of position and competitive stability should be the major objectives for these "cash dogs."

Weak

It is a different matter for those businesses whose competitive position is seriously weak—the genuine dogs. In a business where competition is mature and direct, that is where there is little opportunity for product differentiation or for competition based on serving the specific needs of particular customer groups through distinctive marketing approaches, it will be necessary to consider liquidation.

This may involve outright closure, a course of action that many managements used to claim was practically impossible, but which has become all too common in recent months. Alternatively liquidation can imply a much more gradual process, in which prices are held up, capacity is slowly reduced, and discretionary expenditure on items such as R and D, new products and marketing are cut to the bone.

Ultimately a gradual liquidation strategy will undermine the continued existence of the business, but, during the liquidation, significant short-term improvements in cash flow and profit can result. A conscious strategy of this sort, within a wider portfolio context, may make a great deal of sense.

Too often, however, these moves are merely reactive, rather than forming part of an explicit strategy to shift resources from areas of limited opportunity into areas of greater potential. There are, moreover, alternatives to liquidation, even for genuine dogs. The most important are sale; and repositioning.

Sale of a dog can frequently realise much more than the business was worth to its original owner. The reason for this is that the business may reinforce the purchaser's position, either by adding scale, reducing competition, providing access to customers, or in some other way, and thereby create much more value for the purchaser than it had for the seller. In selling a dog, the key preoccupation must therefore be a thorough analysis of what it may be worth, not to the existing owner, but to prospective buyers.

Re-positioning is, of course, the classic response for a business in difficulties. But all too often the re-positioning consists only of minor changes to, say, the customer focus of a business, which do nothing to address the underlying strategic weaknesses. *One must, therefore, be* wary of so-called "niche" strategies, and of attempts to retreat into areas of a market that are less competitively exposed.

However, there are also examples of successful strategies that focus away from the dominant competitor, and into segments of the market that offer greater opportunity. Asda's success in food retailing, achieved through re-positioning away from small dairy shops into the large, off-High Street discount superstore is a case-in-point.

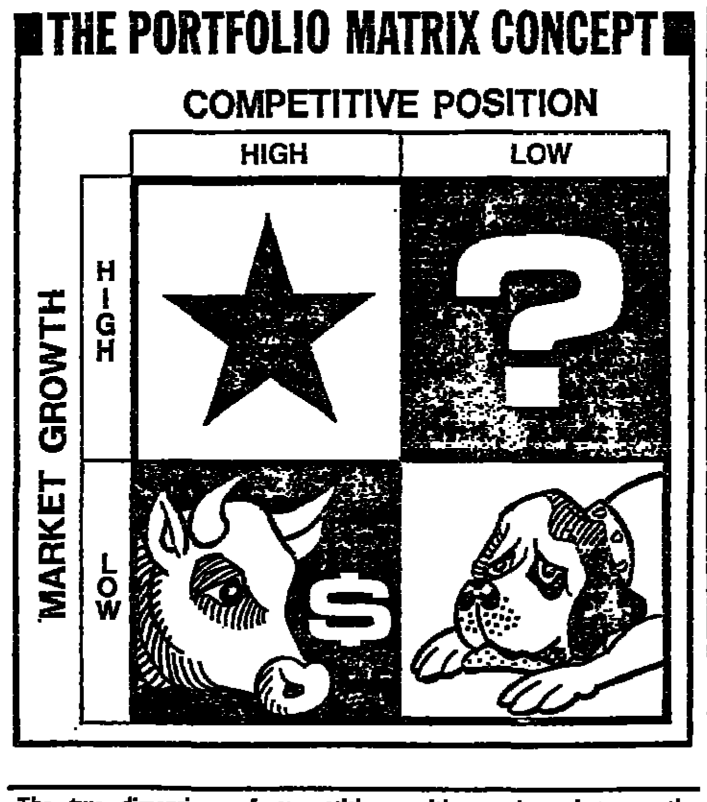
An equally instructive example—albeit of "positioning" from scratch, rather than "re-positioning" a dog business—has been Mitel's success in private telephone exchanges, against entrenched local opposition both in North America and in the UK. This has resulted from focussing specifically on small, basic, low-cost electronic exchanges, a segment in which the established leaders had fewer built-in advantages.

The common factor in successful strategies of segment focus is that they permit the dog to build some sort of competitive advantage in the segment that he lacks more generally. Consequently, it is essential to analyse precisely how the economics of competition in the segment differ from those in the more broadly defined business, and whether they can offer any real protection from the strengths of the industry leader.

Typcially, as businesses mature, so the opportunities increase for competitors to achieve an economically defensible focus on more narrowly defined segments. In a sense, this natural evolution provides the ideal chance for dogs to devise new and more profitable strategies. Indeed, some of the most successful strategies for competitors in weak positions have been based upon forcing *the pace of this evolution, and* leading an industry into a new phase in so doing. A recent example of this type of strategy is Miller's success in the U.S. beer market through pioneering a strategy of brand differentiation and proliferation.

There are, therefore, a variety of possible strategies for a dog business. The theme that should run through these strategies is realism: an acceptance that dogs, individually and collectively, present potential problems, and will need to be managed differently from other more strongly placed businesses. Given this degree of realism, there is no reason why results from the dog quadrant should not make a worthwhile contribution within the corporate portfolio.

Michael Goold is vice-president of BCG in London. His second article, on the theory and practice of portfolio management, will be published on Monday.



The two dimensions of competitive position and market growth produce the following characteristics:

Business Type	Profitability	Growth opportunities	Typical net cash flow
Star	High	Yes	Balanced to negative
Cash Cow	High	Limited	Positive
Dog	Low	Limited	Balanced to Negative
Question Mark	Low	Yes	Very negative

Strength of competitive position should produce high profitability and hence cash generation. Rate of market growth provides some indication of the possibilities open for improving one's competitive position, and also correlates with required new investment, and hence cash use. Over time, as the product life cycle matures, businesses tend to move from the high to low growth quadrants.

Appropriate strategies differ by business type. The star should make its main priority the maintenance of competitive position, so that it will become a cash cow when the market matures and growth slows. The cash cow should also maintain competitive position, but in addition needs to generate strong positive cash flow for the group. The dog should be managed to avoid major investments and to maximise cash flow as a primary objective. The question mark has two possibilities: to attempt to improve competitive position at all costs before the market matures, or else to withdraw.

A choice is necessary between these very different options, since a middle road strategy will only result in the conversion of question marks into dogs as market growth slows.

A balanced portfolio requires both sufficient cash generation potential (cash cows) and sufficient growth opportunities (stars and question marks). The position that businesses have on the portfolio matrix—frequently referred to as "positioning"—will indicate which are the most important to overall corporate performance and strategy, and will provide a framework for assessing corporate resource allocation and strategy choices.

Slick strategy—the key to becoming an oil man

BY PAUL BETTS

HOW DO you build an integrated oil company in eight years starting off with 1,000 dollars in the bank? The answer is by the Chalmers method.

David Chalmers is a Texas oilman. He is 56 and talks and looks like a Texas oilman. He is self-effacing, speaks in a quiet drawl and is most comfortable when talking about oil. Today he is president and sole owner of Coral Petroleum, a private oil company which, with a turnover of $5.5bn in 1980-81, puts it among the top five oil companies based in Houston, the undisputed capital of the U.S. oil business.

He started Coral Petroleum in 1973. "You will probably find it hard to believe, but I took a thousand bucks, put it in the bank, and that was the capital of the company." He has never looked back.

Listening to Chalmers, you could believe that there is nothing easier than starting an oil company You do not even need much capital. But his company grew out of 25 years' experience in the industry.

Chalmers went to an Ivy League college. When he left Dartmouth, he decided to become a roughneck on an oil rig and started to learn the business from the ground up. He then went to work for a small independent company as a land manager, buying and administering leases. The company was subsequently bought by Tenneco, the large diversified energy company where Chalmers became an executive in the oil supply and distribution part of the business.

"That was a unique place to be," he recalls. "It's the hub of the wheel." From this position involving the sale and acquisi*tion of oil, the distribution of* the company's oil production, and basically overseeing the oil coming in and then going out for processing in refineries. Chalmers soon became familiar not only with the domestic industry but with the broad international oil scene. And with this experience behind him, he went off in 1967 to work for one of the mavericks of the American oil industry, Dr Armand Hammer of Occidental Petroleum.

Initially he looked after Occidental's European operations from Houston, commuting regularly to Europe. In May 1968, he became president of Jefferson Lake Petrochemicals of Canada, a Calgary-based outfit, 58 per cent owned by Occidental.

Five years later he decided to go to the bank and lay down his thousand dollars.

Coral Petroleum did not start along the conventional lines of an integrated oil company but as an oil and gas trading company.

David Chalmers

"Primarily this was a way of generating instant cash flow with the idea of taking the cash-flow from the trading operations and putting it into hard assets, both in the ground or in the distribution end," says Chalmers.

The trading business developed. Chalmers' activities became more sophisticated and he started building up some staff. He also started processing oil in third party refineries. And as the cash flow grew, he was able to finance more deals and more complex ventures.

Finally, in May 1975, he bought his first real asset. He purchased a tiny refinery in Alabama called Vulcan Asphalt with a 2,500 barrels a day capacity. "A piece of junk, really, in the middle of nowhere." Chalmers says flatly. But the refinery has since been upgraded and refines up to 12,000 barrels a day of heavy Venezuelan crude.

Exploration

Concurrently, Chalmers was expanding his trading activities in the international sector from his company's subsidiary offshoot in Bermuda. He built up more cashflow and in the latter part of the 1970s started putting money into other people's exploration programmes. In turn, he started his own exploration programme. Today, Coral owns 120,000 net acres of oil and gas land holdings in North America.

Always hungry for expansion—both at the upstream and the downstream end of the business—in 1977 Chalmers started acquiring shares of Pacific Resources, which owns a 68,000 barrels a day refinery in Hawaii.

By last year, Chalmers had accumulated about 10 per ce[nt] of Pacific Resources. He w[as] elected to the company's boar[d] although the Hawaiian Com[pany] had always been war[y] in the past of letting in no[n-] islanders, fearful that no[n-] islanders might threaten th[e] company's loyalty to Hawa[ii] and the Islands' oil supplie[s].

To show that Pacif[ic] Resources—or Hawaii for th[at] matter—need not be concern[ed] by his Texan drawl, Chalme[rs] established Honolulu as th[e] headquarters of Coral Indu[s]tries, the new holding compa[ny] for the entire Coral Petroleu[m] group. He also gave $800,0[00] to the University of Hawaii [to] fund an energy chair in Cora[l's] name.

But Chalmers and Paci[fic] Resources then got into [a] scrap. Chalmers indicated th[at] he intended to increase [his] holding to at least 15 per ce[nt] while Pacific Resources enter[ed] into a letter of intent with t[he] Kuwaiti National Oil Compa[ny] to set up a joint ventu[re] whereby the Hawaiian compa[ny] would transfer its refine[ry] to joint ownership while Kuw[ait] would provide $185m in ca[sh] and guarantee the refinery [...] per cent of its crude [...] supply needs.

To block Chalmers, Paci[fic] Resources filed a law suit all[eg]ing that he was attempting [a] takeover of the compa[ny]. Chalmers countersued. Fina[lly] after six weeks, the matter w[as] settled out of court. Chalme[rs] left the Pacific Resources boa[rd], sold the company all his sto[ck] and agreed not to buy any [of] the company's stock for t[...] years. "But I made a lot [of] money out of it," he says.

But the Pacific Resour[ces] saga was not the only thi[ng] occupying Chalmers' mind t[his] year. He also bought Uni[ted] Refining Company of Warr[en], Pennsylvania, for $120m [in] cash. "The deal was cut [in] December and finalised [in] February," he says. And w[ith] United Refining, he acquire[d a] company with more than $50[...] in annual sales, a 60,000-bar[rels]-a-day refinery and a retail [net]work of 590 service stations, which 420 are Coral-owned (: the remainder independen[t]. *In Pennsylvania, Ohio and N[ew]* York these retail outlets op[er]ate under a number of br[and] names, including Minute M[an], Skat, Falcon, Kwik-Fill a[nd] Keystone.

Although this has been [a] tough year for the refin[ing] business as a result of [the] general glut in the oil mark[et], Chalmers says: "In the recen[tly] completed fiscal year we ma[de] money; not a lot of money [but] then lots of companies [lost] money."

THE ARTS

Glasgow Citizens'

Marriage à la Mode

by MICHAEL COVENEY

There are two plots in John Dryden's 1671 play: a supple comedy, written in prose, of Restoration free love; and a stilted verse tale of usurpation and reconciliation in Sicily. Giles Havergal has jettisoned the heroic, inferior plot and incorporated into the comedy a condensed version of Dryden's Antony and Cleopatra epic, *All for Love*.

The gain is not just one of better poetry. The idea is to turn the quartet of lovers into actors performing *All For Love* on a raised platform from which they break to play out the offstage reality of their amours. The device may be in part derived from Truffaut or even the film of *The French Lieutenant's Woman*. But it is totally consistent with the Citizens' "theatre of life" style and a most ingenious way of introducing audiences to the best of Dryden's two playwrighting methods. Despite one hopelessly inept performance, the evening is a joy, interesting and stimulating.

Philip Prowse's design is a large backstage area marked off by tall structures of wooden flats and hanging canvas. The two friends, Rodophil and Palamede, pursue each other's women. Doralice (married to Rodophil) and Melanthea (engaged to Palamede) between scenees of poetical grandeur that are emphatically gesticulated to suggest a series of tableaux composed by Zoffany. Rodophil plays Antony, his wife Cleopatra and Melenthea Octavia. To complete the parallelism Palamede should have played Dollabela, but Robert Gwilym is released to form part of the audience at the tragedy.

The prose scenes are a revelation. They discuss the loss of physical appetite in marriage and the adulterous instinct with astonishing depth and frankness. And they are very funny. Melanthea, brilliantly played by Sian Thomas as a randy, fluffy poodle in yards of cream satin, is a ridiculous compendium of the latest French phrases, grimacing inanely as each *mot* thuds inconsequently to rest.

The other outstanding performance is Rupert Frazer's as Rodophil/Antony. His face freezes into a heroic mask on the platform and melts quizzically to natural expressiveness when chasing Melanthea in the darkened, candle-lit privacy of their assignation. By the end, it seems that this "blessed community" will embark upon a couple of open marriages, in sensible contrast to the hysterical immolations at Cleopatra's tomb.

Drill Hall

The Pack of Women

by ANTONY THORNCROFT

Almost a year after closing down as Action Space, a forced demise following withdrawal of the Arts Council grant, many of the same company have resurfaced in the same Chenies Street premises now known as the Drill Hall. It is a welcome revival, not least because the first production is as full of the strengths of the Fringe as it is of its weaknesses.

Perhaps inevitably *Pack of Women* is a feminist cabaret devised by Robyn Archer, a very talented Australian who has also written much of the material and performs it along with Margo Random and Jane Wood. Irita Kutchmy leads a multi-skilled musical trio. If the bad and boring items were removed from a very long show it would be a stimulating evening, at least for women. Many men might leave irritated, but stirred up, unwilling to carry the burden of historical guilt by association and dubious as to whether half the human race really does feel quite so persecuted.

From a loose and unnecessary format of a game of cards played by three women the performers break off in all directions, a reading from Virginia Woolf or Germaine Greer here, a comment on the awfulness of men and the stupidity of women there (feminists seem to reserve most of their anger for their unawakened Sisters), and songs from everyone from Brecht to Dolly Parton plus some excellent orginals by Robyn Archer.

She really is a magnificent sight, striding around the stage bawling out a new patriotic rabble rouser "The good old double standard" or the (suddenly legally topical) "Menstruation Blues" (a song which had the audience in stitches: it also found it screamingly funny when the girls "talked dirty." But then one of the nice features of the Fringe is its innocent childishness).

This kind of sexual and political revue works well when put over with imagination, as here, and total commitment. And if one item is tedious or banal an extract from Jane Eyre or a Leonard Cohen song is just around the corner. On Wednesday night *The Pack of Women* fired over 70 verbal and musical bullets mainly at the target of male oppression: if they could concentrate on their best shots they might well make a killing.

Robyn Archer

Festival Hall

Arrau and Groves

Claudio Arrau returned to the Festival Hall on Wednesday to join the finale of the Royal Philharmonic Orchestra's concert under Charles Groves: a weighty account of Brahms's D minor piano concerto, delivered with the same serenity and confident ease which infused his solo recital on Monday.

The keynote of the performance was expansiveness: weight and deliberation without heaviness—each section shaped with an unerring sense of direction, every climax exactly placed. Once or twice, I thought Arrau allowed his expansiveness to run over into convolution: here and there briefly a grinding, in place of featherlight, emphasis. But those moments were exceptions. Nearly everywhere the current of the music was as smooth as its texture was lucid. The slow movement correctly for once a real adagio, was the strangest: a marvellous haunted presence, hymn to loneliness, driven compulsively to its celestial vision, before the solipsistic veil again descends.

The finale was darkly whimsical—there were undercurrents and ruminations in the music's sparkle only partly accounted for by the very slow and deliberate allegro. Now and again Arrau took time off for an expressive sideglance of such infinite pathos and regret that the basic pulse of the movement was nearly stopped entirely. But there was joy in the playing too, and a healing calmness, which marked the whole performance with an irrefutable momentum, sweeping all hesitations from its path.

The concert was the first of a series of seven presented by the Royal Philharmonic Society, and given by various orchestras, "with an American theme" (actually a euphemism in each case for "one American work"). On this occasion that work was the third symphony of Roy Harris (1898-1979), the inventor of the American frontier style, and direct progenitor of the classic American film-score. It's a weird piece — just quirky enough, and unpredictable enough in its chunky twists and turns, to avoid the label of "frontier cliché." The RPO appeared unfamiliar with, and a shade unconvinced by, the idiom.

DOMINIC GILL

Cinema

Wolf on the town

by NIGEL ANDREWS

An American Werewolf in London (X)
Odeon Leicester Square
Wolfen (X) Warner West End
***Citizens Band* (AA)**
Paris Pullman
The War at Home ICA
Marilyn—The Untold Story (A)
Classic Oxford Street, Scene, Odeon, Kensington

Werewolves. There is no controlling Hollywood on nights of the full moon. Snouts lengthen, hair sprouts on once pristine cheeks, and well-dressed, well-girthed producers start to bay hungrily at the round glowing shape of box-office grosses.

Now John Landis's *An American Werewolf in London* snarls onto the screen, the latest evidence that America is currently werewolf-mad and that its special effects boffins have now graduated well beyond the genteel distribution of whiskers over Oliver Reed's face. In *The Howling* we saw how 'normal' human profiles can warp before our very eyes into prognathous, snarling muzzles. In Landis's film faces fur up and elongate as the camera watches, hands turn into hairy taloned paws, ankles and feet with a rending stretch and creak become bony hind-legs.

Landis and lycanthropy must have seemed to Hollywood too good a combination to resist. And for most of the film's length, a comedy-horror movie beautifully battledoring between mirth and menace, it is. Landis made *National Lampoon's Animal House* and *The Blues Brothers* and gave glimmers of promise that, when not surfeiting us with pie-fights and car-chases, he was a handy satirist at middle-intelligence America meeting or making mayhem.

In *Werewolf* he plops down two nervously cross-talking American hitch-hikers (David Naughton and Griffin Dunne) in the middle of a Yorkshire moor and arranges for them the statutory visit to a local pub where all eyes turn and impale them with menace, the awful warnings of nocturnal horror meted out in a rustic burr, and then the meeting with the monster itself—a sudden, wild *collage of fur and teeth and* blood and vain screams for help.

Well: almost vain. Dunne "dies" but Naughton wakes up in a London hospital tended by Jenny Agutter, no less, and by the sleuth-like Doctor John Woodvine who by collating clues slowly tumbles to the awful truth that his patient's dossier must be filed not under A for Assault but L for Lycanthropy. Meanwhile Naughton's dead friend returns to his bedside as a zombie, fetchingly *tattered in off-the-cheekbone* face flesh, and lovelorn Nurse Agutter begins to realise that here bedridden *inamorato* is a werewolf in sheets' clothing.

As the plot pulses toward full moons, disrupted cocktail parties, silver bullets and chaos in Piccadilly Circus, Landis keeps the comedy on an even, even deadpan keel, with dialogue piquantly out-platitudinising Pinter and horrors popping out like the sudden shocks in a Ghost Train tunnel. A Zombies Night Out in the back row of a cinema, the nightmare heads exchanging jokes and popcorn, is one highlight: the anatomical *verismo* of Naughton's wolf transformation another: his nude flight through Regents Park Zoo, after a lupine night on the rampage, another still.

Landis adapted his film's title from Mark Twain and, like Twain, he's cracked the secret of fertile comic incongruity, where opposite worlds collide in a delicious across-the-genres demolition derby.

*

Wolfen is hairshirt penance for the innocent fun of *Werewolf*. Albert Finney, with swagged and sagged face and Yorkshire-pudding vowels, is a New York detective. Who killed Mr and Mrs Van der Veer, Manhattan millionaires, one nasty night out in Battery Park? Was the killer human? *Why did it mutilate the bodies, removing organs?*

All we know is that it growls through the city in the wobbly likeness of a hand-held camera, dispensing psychedelic P-O-V shots in a shimmery, lurid-tinted negative. But wait. Red-eyed — four-footed — hairy — toothsome—yes, it's our feral comrade again. And all this wolf-ly horror because Mr Van der Veer was going to build a giant skycraper complex on an old Indian burial-ground in the Bronx. Will there be more deaths? Yes. The mortuary is on time-and-a-half as the eviscerated mishaps are wheeled in and Finney's face and vowels subside ever deeper into his *coat collar*.

The film's most unpleasant shock of all, however, is that it turns out to be an environmentalist sermon spuriously gift-wrapped as a Gothic shocker. Restore the cities to Nature or the wild beasts will have their revenge. There had to be a catch in the film's unlikely writer-director being Michael Wadleigh, here making his first feature foray since he helped Flower Power to bloom in *Woodstock*. Wolfen is 114 minutes of How to Sit through a Cheapskate Horror Film and Save Your Own Soul. Wiser to save your own admission money.

*

Or to spend it on *Citizens Band*. CB radio has come to Britain—legalised from this month—and we shall soon all be addressing each other over the air-waves as "Scorpion" or "Rubber Duck" or "Molten Jelly." In the CB world jargon whirls, nicknames fly by night and you will kindly adjust your vocabulary before modulating. "Ten-Four" is radio-argot for "Yes," "We Gone" for "Good bye" and "modulating" for "talking."

However, if you hang on to the left side of your brain, you should be able to crack, decode *and enjoy Citizens Band*, a movie primer in CB subculture by Jonathan Demme. Demme made the film in 1977, before the recent *Melvin and Howard*, and he's assembled a bits-and-pieces portrait of Americana that's like a tune-it-yourself *Nashville*. In the Southern small-town of Union, the air-waves are alive with the sound of mystery modulators, as the locals chew the nocturnal fat or plug into sonic fantasy lives—"Warlock" sits in his car having sexy remote-control conversations with "Electra"—or send out highways SOS's from jackknifed lorries or crashed Chevvies in the rain.

Union's master CB co-ordinator is "Spider," poring over hot frequencies, a tousle-tressed local boy played by Paul Le Mat who was Demme's "Melvin." Tangled up in the wires of his vocation are sundry sonic and exotic imbroglios involving girl friend Candy Clark, disturbed brother Bruce McGill and dotty dotard of a father Roberts Blossom. Also close at hand, burning up the Channel 9 air-waves, are a burly bigamous lorry driver, his two wives and the local lady-of-pleasure, "Hot Coffee," with a Southern twang that's like chalk on blackboard.

Detonating into comic-strip colours a screenplay by Paul Brickman, Demme presents CB as both a globe-shrinking how-de-do neighbour network and a crazily coherent infrastructure of off-duty, after-hours fantasy. The film trades in cut-out characters and much raw slapstick—from runaway cattle to colliding wives — but it's also tuned to funny, off-the-wall truths and real and tender dreams. CB Radio Demme suggests, is a class-crashing Utopia in which you throw off your given identity and invent your own: a sonic city-state whose citizens band together on the networks of fun, self-help and revery.

*

Tidings of little joy, alas, from the week's other offerings. Glenn Silber and Barry Alexander Brown's *The War at Home* tells you, in long slabs of yesterday's news and warmed-up indignation, everything you didn't yet know about America's back-home reaction to the Vietnam war. Exhaustive and exhausting.

Marilyn—The Untold Story is worse: an appalling movie version of Norman Mailer's factoid-freighted biography of M. Monroe. As the late great cine-siren sculpted from candy floss and walking woozy-waisted on wobly heels, Catherine Hicks tries hard to dispense glamour and sometimes succeeds. But the film seems to have been written from a concordance of Worst Ever Biopic Dialogue and photographed on the back of a grubby postcard. John Flynn and Jack Arnold directed, and Richard Basehart and John Ireland fend off embarrassment in supporting parts.

David Naughton in An American Werewolf in London

Paris theatre

Racine and Marivaux

by NICHOLAS POWELL

The actors of the Comedie Francaise are so good at their jobs that they manage to transcend second rate scenery, costumes and even doubtful casting. But marred productions make one hanker for what *could* be achieved.

A case in point is the company's new production of Racine's *Andromaque*, that clash of unrealistic infatuation (Oreste) and realpolitik unable to love (Pyrrhus). The principal characters' interlocking emotional miseries culminate in murder, sacrilege and insanity. Keeping the steam up in this emotional pressure cooker are fine performances from Jean-Luc Boutte as a suitably callous Pyrrhus, Jose-Maria Flotats as Oreste and Genevieve Casile as a deeply moving Andromaque.

Racine's contemporaries, of course, were better up on their classics than modern audiences, knew without being told who was Trojan and who was Greek and probably revelled in the more obscure references to Ancient History. But what mainly calls for imaginative stamina today is less the historical obscurity of the plot than the fundamental idea that politicians have passionate private lives: who can imagine Margaret Thatcher, for example, flinging herself in lovelorn desperation at the feet of an unresponsive foreign diplomat?

Patrice Kerbrat, who directs *Andromaque*, and his brother Philippe, who made the sets and costumes, have attempted to cut accessories to a minimum to make the work more readily accessible. Stylised 17th-century costumes allow attention to be focused on the actors themselves but are an ill-fitting accompaniment for the emotional hyperbole of the play.

Philippe Kerbrat's set for another slightly revamped classic, Mariveaux *La Double Inconstance*" at the Comedie Francaise, is a simple pinewood construction with a translucent backdrop, rather like Japanese sliding doors which really does concentrate attention on the actors.

The play is a marvellously subtle look at the treacheries of human sentiment under temptation. A peasant girl, Silvia, is abducted by an admiring Prince. Her lover, Arlequin, comes to rescue her. A lady of the court undertakes to seduce him and, no longer mistress of her own game, falls in love. Silvia for all her protestations of pastoral purity comes a cropper for the Prince. Dissemblance and truth become hopelessly entangled in a comedy which, beneath its frothy surface is full of ferocious obervations of human fickleness.

Two curious casting choices however throw the play out of joint. Richard Fontana as the Prince has much too narrow an emotional range, confuses hysteria and passion and crawls about on all fours when moved. This may be just bad direction but it caused one Comedie Francaise regular to note coldly "That sort of thing isn't done here."

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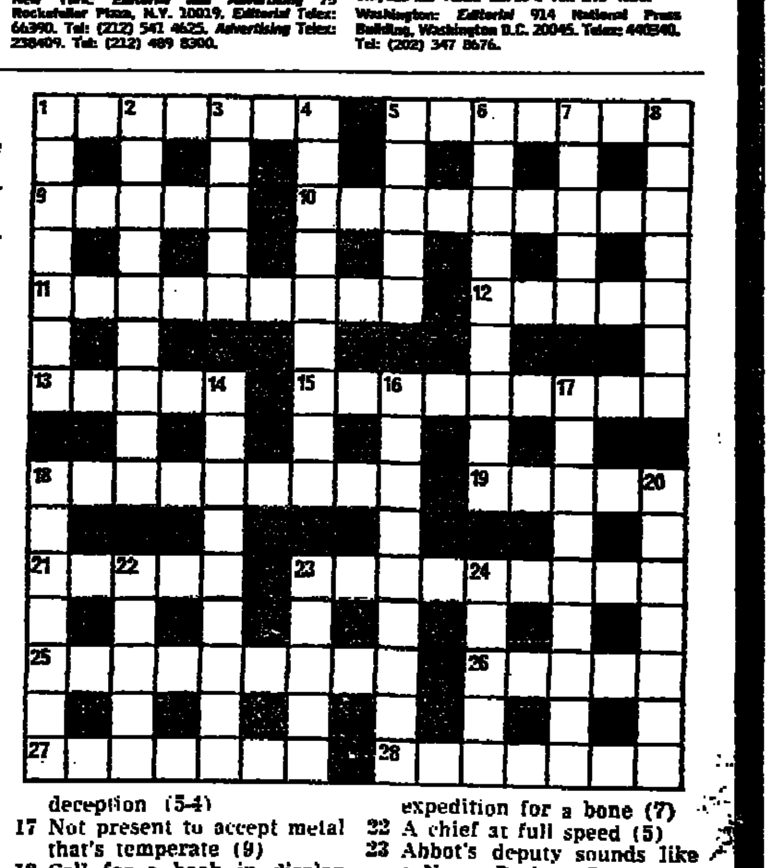
F.T. CROSSWORD PUZZLE No. 4,723

ACROSS

1 Free and easy unemployed worker (7)
5 Be concerned about receptacle for a musket (7)
9 Sheet of glass left in part of door (5)
10 Deficiency—just a little drop (9)
11 Hit with cane, but it's a farce (9)
12 Move stealthily and shudder (5)
13 Outfit I'd make stiff (5)
15 Cripple left former in layers (9)
18 Grandson of James II was the young one (3)
19 One who gets up part of the stairs (5)
21 Hay, was once an informer (5)
23 Dance step is deep in difficulty (9)
25 Make a comparison with a piece of wood surrounded by aromatic seeds (9)
26 A letter in some gazette (5)
27 One who makes part of joint gets nought in paper-money (7)
28 Scene of operations, medical and military (7)

DOWN

1 One who resists work on model (7)
2 Propeller blade to swing? Nonsense! (9)
3 Strong man of the mountains (5)
4 Made spirit inactive and died outside (9)
5 A jar to disable (5)
6 Cruel rat I disturbed and netted (9)
7 Anger about notice in written decree of Sultan (5)
8 Cuts into note repeated to surpass (7)
14 Draw a bird with feathers and reprimand (5, 4)
16 Animal's home that's a deception (5-4)
17 Not present to accept metal that's temperate (9)
18 Call for a book in display (7)
20 Soldiers ring leader of expedition for a bone (7)
22 A chief at full speed (5)
23 Abbot's deputy sounds like a Nosey Parker (5)
24 Call out "Yes, there's a woman outside" (5)



Solution to Puzzle No. 4,722

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BOOKMARK SETOFF
A S O A   V V O
LAMANTIN CAREER
L A I S   C R E
ATTESTER CUSTOM
D E M S A A I O
    ATALLTIMES
A S R E L E E T
SECRETARMY
T A S M I T I I
ESTATE EXTRAMAN
R H L   E U P D
OLIVIER ADAMSALE
I N S   U A C N
DIGEST SPINETTE
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Labour Party in decline

WHEN Mr Denis Healey retained the deputy leadership of the Labour Party last September, albeit by a tiny majority, and the Party went on to elect a slightly less Left-wing National Executive Committee than in the recent past, there was some ground for believing that Labour had at last turned the corner and could begin to concentrate on fighting the Government rather than fighting itself.

Sincere

Mr Michael Foot, the Party Leader, then made a conciliatory move. *Instead of seeking* to change the leadership of the NEC's policy committees away from the Left, he chose not to intervene. More importantly, he sought to come to terms with Mr Tony Benn — the defeated candidate for the deputy leadership of the Party —by inviting him to play a full part in the affairs of the Shadow Cabinet. Such an approach might have been naïve; it was almost certainly sincere. Mr Foot and Mr Benn after all, are not all that far apart on most matters of policy.

It has now blown up with a vengeance. It blew up when Mr Benn, speaking at Mr Foot's invitation from the front bench in the energy debate in the House of Commons on Tuesday, used the occasion to support an energy policy that had not been *approved by the Shadow* Cabinet, that is arguably not even the policy of the Party Conference and that appears to call even for the nationalisation of that part of British Petroleum which the Government ment never owned in the first place.

Mr Foot has reacted by telling Mr Benn to toe the line or lose his—Mr Foot's—support in the new elections to the Shadow Cabinet which will take place next week. It is unlikely that the two men can easily work together again, certainly from the front bench.

Irritant

There are some in the Labour Party, and some sympathisers outside, who say that that is a welcome development. Mr Foot has been at last obliged to stand up and fight and to cease trying to appease the unappeasable. The bulk of the Party will now unite under his leadership.

That is a point of view which obviously can only be proved right or wrong with time. But it does have certain deficiencies. In the first place, Mr Benn still exists. His support in the Parliamentary Party may be limited, but he has considerable sway in the Party Conference and even among some trades unions. There is nothing to stop his carrying his campaign to the Conference next year. He will continue to be at least an irritant, if not much more.

It is also the case that we have heard many times before the argument that at last the leadership is beginning to fight —not least from Mr Foot. It has turned out so far to be a pretty feeble resistance. It is not even clear whether Mr Foot really wants to stand up either to the policies or to the organisational methods of the extreme left.

There are other unpalatable facts. The Labour Party vote has been falling steadily over the years. In each of the last three general elections it was under 40 per cent. In 1951 it was 48.8 per cent. By 1979 it was down to 36.9 per cent. In the by-election in Croydon last month, which in any normal circumstances the official opposition party should have won, the Labour vote was only a little over 25 per cent.

Obituary

Those are chilling figures which suggest that the Party has problems enough even without the distraction of Mr Benn. Other Left-wing parties in other countries have faced similar declines and have on the whole adapted their policies to the changed social circumstances which made their earlier stance outdated: for example, the Social Democrats in West Germany. In Britain, the adaptation seems to be taking a *different form. It has come in the* rise of the SDP and the alliance with the Liberals. The steady stream of defections from the Labour Party, the opinion polls, the by-election results and the results of the local elections all bear this out. Labour may already have been reduced to the third party in British politics, rather like the Communist Party in France. It would take a better leader than Mr Foot has shown himself so far to redeem that. That is why writing about the Labour Party nowadays is almost like writing an obituary.

Strong words from Mr Mugabe

INVESTORS AND businessmen are naturally concerned at the rising level of political rhetoric in Zimbabwe.

In recent days, Mr Robert Mugabe, the Prime Minister, has used stronger words than at any time since independence to castigate the white community for failing to change their racial attitudes. He has charged Mr Ian Smith and Bishop Abel Muzorewa, prime ministers of the *ancien regime*, with actively plotting to overthrow his government. He has even encouraged his supporters to use their fists on any white man who calls them a "kaffir."

Mr Maurice Nyagumbo, the Minister of Mines, took the attack a further step when he warned that the government would rid the private sector of white racists, even if it meant "a breakdown in our economic development."

The question is how much substance should be attached to the rhetoric: for the signs emerging from Salisbury, barely 18 months after independence, *are mixed and somewhat confusing.*

Rumours

Only a week before he accused white employers of exploiting their labour, and calling their workers "kaffirs," Mr Mugabe told a meeting of businessmen that Zimbabwe had inherited an efficient private enterprise system, and intended to carry on with it. He ruled out nationalisation as a policy option.

There have been widely conflicting statements from different government ministers: one claims the government is turning a blind eye to black squatters on white farmland, another denies it. In the capital, rumours have been rife: petrol shortages in several parts of the country in the past 10 days were almost entirely *caused by false* alarms. Stories that a senior minister had been arrested were disproved when he was shown to be on a foreign trip with Mr Mugabe.

There are real signs of strain within Mr Mugabe's government as it seeks to deal with the classic dichotomy of rising black expectations and the need to maintain white confidence.

On the one hand, the fruits of independence for the black majority have been modest. The crucial land resettlement programme has so far provided only 4,000 families with their own plots—although one estimate suggests there are 185,000 families waiting. In spite of a 14 per cent real growth rate last year—more likely to be six or seven per cent in 1981—real wages have lagged behind. The number of new jobs created last year was only 20,000, against anything up to 80,000 needed.

There has, however, been notable progress towards providing primary education for all, and improvements in health care (although they are less easy to identify). The civil service is now firmly under black leadership. Most important of all, the war is over, and *the three opposing military* forces—the Rhodesian security forces, and the rival guerrilla armies of Mr Mugabe and Mr Joshua Nkomo — have been successfully integrated.

Mr Mugabe is obviously well aware of the political threat from his own more radical supporters, who are angry at the extent to which his pragmatism has watered down his socialist programme. Hence his decision to tour the country in recent weeks, addressing mass rallies —and in so doing, stepping up the rhetoric.

Resentment

Some of his criticism has also been quite understandable: white racial attitudes in Zimbabwe are very deep-rooted, and can be obnoxious. There is real black resentment at the way in which whites have tended to sit back, relieved of political power, and relish the problems of the new government.

Indeed, the gap in communication and perception between *black and white in the country* remains huge, as it was in the days of UDI.

The danger is that what is intended as political rhetoric will become reality: it will fuel black resentment, and precipitate the inevitable white emigration. There is no doubt Mr Mugabe should be judged by his deeds, not his words. But many may find it difficult to do so.

CIVIL SERVICE REFORMS

Mrs Thatcher grasps the nettle

By Robin Pauley

MRS THATCHER announced in the Commons yesterday that the Civil Service Department is to be abolished. This means the Treasury will take control of civil service manpower, pay, superannuation and allowances and will also take over responsibility for the central computer and telecommunications agency. Management, organisation, training, and overall efficiency including recruitment, training and personnel policy will all go to a new management and personnel office to work alongside the Cabinet Office.

THE MOST remarkable thing about Britain's Civil Service Department — indeed perhaps the only remarkable thing about it—is that it *has survived for so long in spite* of increasing dislike by successive governments.

Pressure for the disbandment or radical reform of the CSD has grown since Mrs Thatcher appointed Sir Derek Rayner, joint managing director of Marks and Spencer, as her personal adviser on Whitehall waste, bureaucracy and efficiency.

He has long argued that all moves to improve fundamentally the efficient organisation of Whitehall would be limited so long as the practical, geographical and philosophical heart of the administration was split between the Treasury in George Street and the CSD in the old Admiralty Buildings.

Mrs Thatcher was poised to accept his advice towards the end of last year but she drew back at the last minute.

A lot has happened to change Mrs Thatcher's mind since then. Sir Derek, who has direct access to her more or less at will, has continued to insist that the CSD remained the major stumbling block to proper management and accountability within Whitehall.

More significantly, the recent Civil Service strike was a major blow to Mrs Thatcher who, although technically in charge of the Civil Service, had to leave the solving of the dispute *to ministers who handled it in* ways which won neither her confidence nor approval. The strike, the longest running dispute in Britain since the 1926 miners' strike, lasted five months and held up more than £6bn of revenue.

Mrs Thatcher felt that never again could affairs get into that state. Lord Soames, senior Civil Service Minister, was replaced by Mrs Thatcher's close friend and confidant, Lady Young.

Mrs Thatcher and Lady *Young see the integration of the* CSD functions into the Cabinet Office and Treasury as a neat way of simultaneously improving efficiency on Sir Derek's lines, ensuring a much harder management control of manpower and pay.

The change, which will put pay and manpower into the Treasury and the rest, mainly dealing with personnel and training, into a new section attached to the Cabinet Office, takes the Civil Service more or *less back* to where it was until 1968.

It was then that the Fulton Report successfully argued that the role of central management needed to be enlarged. If this enlarged responsibility for career development were added to the Treasury's jobs concerning financial and economic policy and the control of public expenditure there could be too great a concentration of power in one department.

"Central management should be positively and creatively concerned with maintaining and *improving the standards of the* Civil Service. It should, therefore, be a separate institution with a single-minded devotion to its own professional purpose and should be in a position to fight and be seen to be fighting the Treasury on behalf of the Service," the report said.

Unfortunately many of the 13 years since those high aims led to the creation of the CSD have been fairly miserable.

Morale has been poor for years. It could not or would not fight the Treasury once senior Cabinet support was seen to be lacking, and was increasingly criticised for both its low profile and its lack of sparkle and initiative, being seen more and more in "Yes Minister" terms. It has never been regarded as achieving its main purpose of pulling the structure and efficiency of the Civil Service up to modern-day management standards, improving its image, rationalising its pay and manpower and career structures and generally leading the Executive from the front.

This all made it something of a surprise last December when Mrs Thatcher and the select committee did not disband the CSD.

The committee did recommend, however, that even at a removal cost of about £650,000 the CSD and Treasury should be in the same building. If they then shared common services, 34 jobs and £370,000 a year could be saved. And the committee accepted that it was logical to move the accountancy, finance and audit section of the CSD to the Treasury.

Now, a year later, the full reintegration will take place, involving about 4,650 CSD civil servants.

'The facts should be known and exposed: when facts are blurred, you have management by surprise'

SIR DEREK RAYNER (right), *joint managing director of* Marks and Spencer, has spent much of the past two-and-a-half years as part-time adviser *to the Prime Minister* on efficiency in the Civil Service. Now he is stepping back from the *day-to-day running* of the "Rayner scrutinies," in order to devote more time to M & S, while the small unit in the Cabinet Office is being strengthened by the appointment of Mr John Cassels, director of the Manpower Services Commission.

These scrutinies focus on very precisely defined aspects of the work of individual departments; 68 were conducted *in 1979 and 1980*, and a *further 40 this* year. To date, savings worth around £220m have been identified; and another £28m saved on once-and-for-all cuts in capital expenditure. Further scrutinies will be launched in individual departments.

While Sir Derek believes that savings can only be made by examining specifics—the statistical services scrutiny carried *out right* across government has saved £20m, in addition to the £248m or so thus far—he makes it clear *in this interview that he is not solely concerned with* penny-pinching, but is mainly interested in helping to bring about changes in the way Whitehall is run. He speaks in the gentlest of codes; but in his description to IAN DAVIDSON of how it ought to be run, he offers an arresting, if backhand, description of how it actually is run.

THE TROUBLE with Whitehall is that all the figures are so immense that they do not relate to human beings, and they have to be brought down to a scale and a size that an individual can relate to, and have responsibility for, in the performance of his particular piece.

Equally we have to make sure that he has the authority that is *needed, so that he can* make the best use of resources. I would not like to see a system implemented where a chap, because he has saved money on doing X, but could provide a better service if we were spending more on Y, would not be given some freedom to change the use of his resources within the budget he has been allocated. You must have incentives demonstrable at the point of work.

Capital programmes should have the normal financial disciplines available in business. Problems arise not merely because the bills go wrong, but because expenditure has not achieved the progress expected. Therefore they are suddenly faced with the fact that in order to complete the project there will be gross over-runs of costs, and all kinds of alterations to the total programmes have to be made in order to accommodate the over-runs. Benchmarks are neither as easy as in commerce, nor as difficult as they are sometimes pretended to be. After a period of expenditure in which there has been no measurable progress, the whole thing should be held up and challenged.

Good financial management is at the heart of this. A framework of discipline and knowledge must be there if very big capital projects are to be properly managed. Some progress has been made, particularly in defence. But someone must be held responsible and accountable for maintaining the financial targets. The facts should be known and exposed: the moment facts are blurred, *you have management by surprise.*

There are two kinds of accountability — management accountability and bank management accountability. Management accountability is judged by how you are handling resources given to your charge, and if you are delivering, within the cost scales, what was originally promised. "Accounting Officer" in Government (that *is the Permanent Secretary of* a Ministry), to my mind describes more the bank management approach, with too much ensuring that money is not misspent; more of a defence counsel than a tough, go-getting manager, really setting about his junior colleagues because they have not carried out their promises.

I should like to see exposed *gross mismanagement by individuals* down the line. But if you are going to expose errors, you must also expose success. Otherwise you will develop an even more careful collection of human beings than at the moment.

Much of what goes wrong now is not because they are careless with public money, but because they are too cautious *in the ways they handle the* resources at their disposal. If they get it right, not a soul cares a damn; if they get it wrong, all hell is let loose, even under the present regime. People actually do suffer.

The rules are so cumbersome: in order to prevent errors there has been an accumulation of a new rule for every error created; so that when you ask a clerk in a DHSS office to *interpret the rules they are* almost impossible to interpret—which in turn leads to mistakes being made.

We have really got to tackle, in a tough and determined way, the simplification of rules in Government, and the whole paper chase that underpins the activity of Government.

We must make the job more interesting; we must trust *junior management with the* kind of discretion familiar in a large business. There has to be more awarenes, at the top, of the implications of policy at the point of delivery. There must be more communication of a personal nature between the top and the bottom. We must develop systems which hold people responsible for what they do, but not through rules and regulations, through simple management accounting figures that enable the right questions to be asked, comparisons to be made, questioning of drifts of expenditure that have no explanation.

It has to be a rule of the game that part of the success of running any show is satisfying the customer. You can measure this, but the atmosphere is what you spot first. People have to be determined, as a policy, that part of the way government is organised and run is to enable staff to do its best, and that part of the best is described not only in looking after public money but also in giving a good service to the client.

You can't run the Civil Service just with a lot of managers, like in business, but there ought to be people at the top with a *wider base of experience within* the service.

The civil service is now recruiting from a much broader base than it used to; it could even be said to be gathering up too much of the nation's talent. The trouble is not the way it handles talented people in the very early phases in the service; but, thereafter, career development has to be looked at much more closely.

Above all else, there must be much more rapid promotion of people who clearly have the talent and clearly should be challenged to do bigger jobs. It is still too much a question of so-many-years'-worth, but we must cut through it: there must be more people in their 30s who have been given experience and who have been pushed through the system than is usually the *case today . . . There must be* more recognition of merit and more willingness to reward merit by experience and by promotion. Otherwise, you will not be getting the kind of people I am describing who should be around at the top.

It is important that people are moved into the "Open Structure" (the top civil service grades) because they have had success in more than one field of endeavour. I should say that under-secretaries should not come up solely via the minister's Private Office, policy work, central government work; they should be able to demonstrate that they have managed something, handled, controlled and developed people, that they are already developing the essential skills of any senior *manager in any organisation.* Sometimes the people at the top of the service have never moved out of their particular speciality which is policy-making. But you cannot be an effective HQ man without experience of the field.

[The White Paper "Efficiency in the Civil Service" contained an annex showing a break-down of running costs by departments: staff, personnel overheads, accommodation and rents, office services, etc.]

So far as I am aware, this is the first time that ministers have been asked, at a point in time, to look over the costs of their departments broken down in this sort of detail. They are not broken down enough yet but there is movement. You must apply economy to targets —the telephone, postage; no blanket cuts. If you have a blanket regime, the economical will be a bit more economical, to the point of being inefficient and the lavish will go on being lavish, as always. You have to pin-point those responsible.

If you have responsibility accounting, you get participative budgetting.

If you strengthen the rewards you should also strengthen the sanctions element. I should say that failure to discharge one's duty properly should be accountable, but you cannot be held fully accountable if you do not have the delegated chain of command beneath you with proper facts at each appropriate point. That's part of the problem.

Because the facts are not sufficiently clear at the point at which the thing goes wrong then when the accounting officer is held to account, people tend to feel sympathy for him because something was going on down the line that he could not really be made aware of until it went too far wrong.

If you have a chain of information of the right kind, it can be reviewed in senior management terms, and if you do not review it and take appropriate action, then you can and should be dealt with. You do not have that if you are presiding over management by surprise.

Men & Matters

Snake charmer

Nicholas Ridley, shuffled from the Foreign Office to the job of Financial Secretary to the Treasury as part of the autumn cabinet shake-up, came through his first major public relations job yesterday with flying colours.

Chosen to expound the Treasury's attitude to the European Monetary System before a conference of ardent pro-Europeans in London, Ridley managed in a speech of admirable pedestrianism to put across the key policy message: the Government currently views the whole question of EMS membership with rather less than wholehearted fervour.

Ridley, whose previous job included persuading Argentina not to take over the Falkland Islands, gave the required Treasury impression that he would far rather be striding across some windswept South American beach than talking about obscure currency systems at the Hyde Park Hotel.

The conference chairman, a benevolently rambling Belgian count who like most of the assembly wanted Britain to join EMS as a kind of social gathering, struck the right note by introducing Ridley as "Lord Lever."

Head bowed under the weight of enormous spectacles, Ridley did look up at his audience once or twice as he read out an opening address whose highlights included a recitation of exchange rates, extracts from other people's speeches and the striking claim that "even questions of confidence in economic management" (not in Britain's, surely?) sometimes did affect exchange rates.

Summoning all his rhetorical powers to inject just the right note of colourlessness into the proceedings, Ridley assured his audience that Britain was keeping the matter "under continuous review."

The Financial Secretary may have been asking a little too *much of his listeners' credulity* when he declared a trifle bashfully at the end how much he looked forward to learning of the conference's conclusions—then off he went, hotfoot back to the Treasury to attend to more pressing matters of State.

More or less

Tough luck for Jeremy Lancaster, chairman of Midlands industrial group Wolseley-Hughes, who is expecting to take a drop of about 12 per cent in his salary this year, having already received 15 per cent less in 1980 than the £43,049 he was paid in 1979.

Odd, you might think, with Wolseley-Hughes' profits up last year by 20 per cent. The explanation is tortuous but engaging. Lancaster's pay is determined by growth in earnings per share, deflated by the cumulative inflation since he became chairman in 1976. His bonus increases when earnings are ahead; when inflation is winning, he suffers accordingly.

"It could be 1985 before I get my next rise," says Lancaster—but he seems not to mind too much.

Civil action

After spending the last few days closeted with his closest advisers trying to sort out the extraordinary mess which the new rates legislation has thrown up for the Department of the Environment, Michael Heseltine was more than happy—not to say amused by the irony of it all—to be summoned over to Downing Street to explain to a fascinated Prime Minister how a Government department should be run.

Mrs Thatcher clearly had in mind the problem of the Civil Service, with which she and the Chancellor will have to wrestle now that the Civil Service Department is to be disbanded. Heseltine is famed for his man-*agerial flair, manifested in his*

Management Information System for Ministers (Minis), which enables him to keep tabs on the diverse costs and activities in his massive department. He is now trying to turn Minis into a full-scale management accounting system.

But Mrs Thatcher is rumoured in Whitehall to be *interested in a sophisticated* variant of the system, lest another ruinous civil service strike threaten—Managing In Nearly Impossible Situations.

Monk's habits

Alec Monk had just 10 days in the chair at Linfood Holdings before Jimmy Gulliver's Argyll Foods arrived on the doorstep with a bid worth £87m.

A bit ironic, Monk must have reflected yesterday, as he saw the unwelcome visitor off. For in earlier guises, Monk has been more familiar himself with the role of predator rather than potential prey.

Apart from running the Anglesey aluminium smelter for Rio Tinto-Zinc, Monk spent most *of his 10 years with the mining* group as director responsible for financial appraisal, running his slide rule over prospective acquisitions.

In four subsequent years in the U.S., this experience was honed with a private investment company which specialised in bidding for big stakes in target companies to re-sell at a profit.

"We wanted to keep the incumbent management and stimulate them further with incentives." A policy, he says, "which means much more in the U.S. than it does over here."

Argyll, Monk claims, was trying to do "quite the reverse" with its bid for Linfood. "They were saying the management has a terrible record. Argyll was holding out an olive branch and saying 'there will be jobs for you' but it was clear they were going to take over and *run the company.*"

Now Monk is up to his neck in de-merging, floating off the big wholesale division in one of the biggest management buy-outs yet announced. Yesterday was spent sorting out some of the "esoteric tax points" involved in the planned £21m hive-off.

Toothsome

A merchant banker, on a sailing holiday in the Pacific, leaned too far over the rail of his yacht, and fell into the water. Which would not have mattered much were it not that, seconds later, his friends aboard the yacht spotted the large black fin of a man-eating shark scything through the waves toward the floundering financier. The situation seemed beyond hope: the shark was within feet of its victim. Suddenly, just as the fish was poised to strike, it abruptly changed course, and swam away again. The banker climbed back on board, to the amazement and relief of his friends. "What happened?" they chorused. "Professional etiquette," replied the banker.

Observer

POLITICS TODAY

The truce in the Tory Party

By Malcolm Rutherford

Cabinet members (from left): Mr Norman Tebbit, Mr Nigel Lawson, Mr Leon Brittan and Mr Norman Fowler. "They are all meritocrats ... they all share Mrs Thatcher's aspirations."

...RE APPEARS to be no ...e reason why peace has ...n out in the Conservative ...r. News of it may not yet ... reached such guerrilla ...re as Mr Edward Heath ...Sir Ian Gilmour. But, at any ... there is a truce in the ...net.

...e low point in morale ...g some senior Ministers ... on the last day of the Tory ...erence in Blackpool last ...th. Mrs Thatcher appeared ...ject the advice of—among ...rs—Mr Francis Pym, the ...ler of the House of Com...s to adopt a more concili...y tone to her critics. For a ... it seemed that the contin...and crucial, loyalty of Mr ...iam Whitelaw, the deputy ...le Minister, was in doubt; ...e then, Mrs Thatcher has ...eriously changed.

...her speech in the censure ...ite in the House of Commons ...uple of weeks ago, she spoke ...exibility. Admittedly, as one ...er Cabinet critics said, she ...it through clenched teeth, ...at least she did it. In her ...ribution to the debate on ... Queen's Speech last week, ...did it with a smile.

...ll sorts of other factors ...ned to have changed in the ...ernment's favour. In the ...t place, Tory MPs did not ...ort widespread discontent ... their constituencies when ...y came back from the ...mmer recess. On the con...y, many of them said that ...port for the Government's ...icies was holding up reason...y well—an impression con...ed by the result of the ...ydon by-election last month ...ere, though the Tories lost ...seat, it was Labour which ...s pushed into third place ...h only 25 per cent of the ...e.

...ot's olive branch comes a dagger

The demoralisation of the ...bour Party is, of course, a ...tor in itself. The new Tory ...imism is the other side of ... coin. In Tory minds the ...tre of an extremist Labour ...rty winning a general elec...n with nothing like a ...jority of the votes (say 29 ... cent) is beginning to ...ade. No Tory likes to admit ...possibility of defeat, but ...re is at least a certain satis...tion that the real battle may well be between the Tories and the SDP-Liberal Alliance. Even if the Tories lost, they would still be the alternative government, capable of a come-back. But the Labour Party might be in terminal decline.

Nothing that has happened in the past few days challenges that view. Mr Michael Foot, the Labour leader, offered Mr Tony Benn an olive branch only to find that Mr Benn turned it into a dagger in the energy debate in the House of Commons on Tuesday. Mr Foot now has probably his last, last chance, to restore the Labour Party as a credible electoral force. The thought that Labour has a death wish must now be a commonplace.

Yet to return to Mrs Thatcher. Cabinet changes are beginning to pay off from her point of vantage. The grandees—to use the Tory term—are out, or at least on the retreat. Obscure figures like Mr John Nott or Mr Patrick Jenkin, who began with very little experience of government and almost no public persona, are now quite senior. She has also brought in others of a similar ilk: Mr Leon Brittan, Mr Nigel Lawson, Mr Norman Fowler, Mr Norman Tebbit and Mr Cecil Parkinson.

It may sound odd to put them all in the same category. But they have this in common: they are all meritocrats. None of them is especially rich. Basically, they all share Mrs Thatcher's aspirations. For the first time, she almost commands a majority in her own Cabinet.

She could not do so without Mr Whitelaw. But here again there has been a change. Mr Whitelaw has been chairing the Cabinet Committee on the cuts in public expenditure, or rather the cuts in the rate of increase. The heat has gone out of it. It is now openly conceded that public spending next year will be considerably higher than was originally planned. Indeed the outcome may not be all that far short of the £5bn reflation demanded by Sir Ian Gilmour.

The language has changed as well, and not only Mrs Thatcher's. There was Sir Geoffrey Howe, the Chancellor of the Exchequer, saying in the House of Commons on Wednesday: "We are ready to adjust our plans responsibly in response to changes in the economy as a whole. But this responsiveness cannot and will not be allowed to override the principles on which our policy is built." It sounded like a direct quote from some of the earlier speeches of Mr Pym.

There has, too, been a large element of luck. The more one hears about Ministerial reactions to the near-demise of BL—formerly British Leyland—last week, the more it becomes clear that the Government was totally unprepared for it. Sir Michael Edwardes, the BL chairman, had gone out on a limb and taken the Government with him. All that the Government could do was to hope that the workforce would vote against a prolonged strike, as in the end it did.

But I doubt whether Sir Michael will ever be allowed such freedom of action again. Indeed one Cabinet Minister said this week that if the BL unions wanted to have a dispute about their tea-breaks, the management should be instructed to turn a blind eye to it. The BL incident took the Government too close to calamity for comfort.

In the background there is the Crosby by-election in two weeks' time. Ministers in general, even the natural pessimists among them, are rather optimistic about the Tory chances. And certainly they have a good base: a Tory majority last time of over 19,000, a Labour vote probably crumbling away, and a Liberal vote of less than 10,000. If the Tories can retain the seat against the challenge of Mrs Shirley Williams on behalf of the SDP-Liberal Alliance, they would have some reason for continued confidence. It would be the first serious rebuff to the SDP so far, and all the more striking because it would involve Mrs Williams, perhaps the SDP's best-known figure.

In passing, it is worth noting that forecasts of a Tory victory have not yet been endorsed by the Conservative Central Office, which is supposed to monitor these things. The impression from there is that there are still too many imponderables: for example, the tanker drivers' strike if it were to take place could quickly close a large number of British factories.

Yet whatever happens in Crosby, there is still only a truce in the Tory Party. It has been agreed that public spending next year will go up quite substantially and that the Government will seek to make a virtue of it. That has also been made possible by rather more buoyant Treasury revenues than originally expected.

The question remains of how the increased spending will be financed: whether by more borrowing or more taxation, or what sort of mix. Sir Geoffrey said on Wednesday only that any increase in spending will be financed responsibly. It is no longer such an immediate issue, but there will have to be an attempt to resolve it by the Budget next spring. At the moment, there is a great deal of fudge in the interests of keeping the peace.

Related to that is the question of what the Government does about tax relief. Again it is no longer immediate. But even among Cabinet critics who have temporarily gone silent there is a belief that at some stage in the not-too-distant future there must be some sort of package aimed at relieving unemployment.

According to this school of thought, high unemployment, however regrettably is now here to stay and everything possible must be done to alleviate it. The emphasis in public spending must be on training and education. Any tax reliefs should go to industry, whether through a cut in the National Insurance contribution surcharge, cheaper energy pricing, or whatever combination.

There is a counter school of thought that any tax cuts, when they come, must go directly to individuals in the form of lower income-tax. This is a battle that has still to be fought.

A discussion already going on is whether Britain should join the European Monetary System. Here Mrs Thatcher and Sir Geoffrey are now at most agnostic rather than actively opposed, and there could be some movement. The strongest advocates of membership, outside the Cabinet, are Sir Ian Gilmour and Mr Heath. But they also have support from within. It will be held against Mrs Thatcher if Britain does not join and the pound again becomes volatile.

In a way, it is ironic that it should be the so-called grandees in the Tory Party who speak so much about Disraeli's "one nation" and the need to preserve the social fabric. The meritocrats, Mrs Thatcher's people, say that society has changed and that there is no longer any great divide, or even antagonism, between capital and labour. It is the grandees who are the conservatives with a small "c" and the meritocrats who are the radicals.

They appear not to like each other

In this the meritocrats have much in common with the Social Democrats. They are competing for the same ground in the recognition that social change has been faster than the political adaptation to it.

Whether the Tory truce will hold is another matter. The Conservatives still have the problem of having to govern for the next two years in fairly adverse circumstances. And they also appear not terribly to like each other. No doubt that is part of the social change as affecting the Tory Party.

Lombard

One way to pick some winners

By John Elliott

THE DEBATE on how to pick winners in industry was taken a significant step forward earlier this week by Sir David Orr, chairman of Unilever. He suggested that key industrial sectors needing special development should be chosen by a new official body which would then negotiate development contracts with individual companies. Special State aid would be provided and the companies would have to meet pre-determined performance levels.

Companies would thus be encouraged into developments which would otherwise be too risky, and Britain would no longer lag behind other countries which have more formal industrial strategies like Japan and France (on which Sir David based his ideas).

The debate about picking winners has been around for some time. It has resurfaced recently because the recession has caused some leading industrialists like Sir Arthur Knight (ex-Courtaulds, the National Enterprise Board, and now the Confederation of British Industry), Sir Terence Beckett (ex-Ford and the CBI), and Sir Campbell Fraser (Dunlop) to become worried about the lack of direction in industry.

Sir Terence floated the idea of a new organisation to identify "sunrise industries" in the CBI's Will to Win discussion document earlier this year. But, like others with similar ideas, he soon found that there were far too many overtones of State intervention in industry to attract most businessmen.

But Sir David's ideas should be taken seriously by such opponents or sceptics because these same people normally have deep reservations about the way that State industrial aid is used.

Sir David's proposals could lead to the disbursement of this aid taking place in a more strategic framework. Two areas are specially relevant here. First, large amounts of aid have been provided for some years to attract foreign "internationally mobile" investment projects into the UK to produce goods ranging from microchips to vitamin tablets and motor cars. There appears to have been little strategic thinking about what sorts of businesses should be attracted from what countries, and general ministerial line has been that inward investment must be good for its own sake.

Secondly the Government's high technology aid, especially in electronics, has been splashed around with little apparent selectivity. Again there is a general assumption that high technology aid must be good for its own sake.

The reason why there has not been more sense of direction in these two fields is that Britain has no overall industrial strategy beyond the Industry Department and the National Economic Development Office naming some fairly obvious areas like micro-electronics, robotics and bio-technology as deserving special attention.

Sir David acknowledged that even such limited selection can be useful, but he stressed that more was needed. His key contribution was to propose the new organisation which he said, like the University Grants Committee and various research councils, would "serve to take some difficult choices out of the political arena." (The Grants Committee may not be the best example to choose at the moment.)

This "independent body" would be comprised of people primarily from industry. It would "invite proposals from firms, decide which was the best proposal, and negotiate a contract under which support would be provided for specific performance." Prior decisions about which industries to back would be made by a "partnership" of industrialists, trade unions, scientists, politicians and civil servants.

Sir David did not of course provide all the answers. He did not explain precisely how his new organisation would relate to the Government. Nor did he explore what should happen when a company failed to meet pre-set performance targets or when, as often happens with the NEB's high technology projects, companies return for more funds.

But what he did was to suggest a way to pick and nurture winners which could also bring more focus and purpose to the allocation of State aid in areas like inward investment and high technology.

Letters to the Editor

...eferenda—taking sledge-hammers to crack nuts

...om Professors G. Jones ...d J. Stewart

Sir,—The Government's pro...sal to curb the alleged exces...e expenditure of local govern...nt by introducing refer...ums into the budget process ... certain local authorities ...cted by the Secretary of ...te is unlikely to achieve its ...jective. Apart from the con...tutional objections to an ...sion of representative demo...cy and an increase in cen...lism, and apart from the poli...al objections to taking sledge-...mmers to cracks nuts, Mr ...seltine's scheme will not give ...n the result he wants for ...se reasons.

...Even if the level at which a ...ferendum is introduced is set ...ay 40 per cent above present grant-related expenditure few major local authorities would be caught and their "overspending" would go nowhere near the reduction of total expenditure that he currently seeks. That assumes a "No" vote in each referendum, but American experience suggests that some "Yes" votes are likely.

Once the "underspending" local authorities see the level that triggers a referendum they will be encouraged to raise their expenditure to just below the target, which will have become a norm.

By allowing some authorities, whose electors at the referendum rejected the supplementary rate, to borrow to meet their current expenditure commitments, the Secretary of State will be supporting deficit financing in local government, which will be inflationary, increasing aggregate demand and the public sector borrowing requirement.

The answer lies not in panic measures but a fundamental change in the basis of local government finance, preferably to strengthen genuine local responsibility and accountability.

(Professor) G. W. Jones,
London School of Economics and Political Science.
(Professor) J. D. Stewart,
Institute of Local Government Studies, University of Birmingham.
c/o LSE,
Houghton Street,
Aldwych, WC2

...peeding up plans to alter the rating system

...om Mr G. Burnham

Sir,—I have read that the ...vernment intends to speed ... plans to alter the rating ...stem, but that Ministers are ...derstood to favour reforming ... present system while still ...ving it on property. It is ...lieved that this would help ...sh the plans through the pre...nt Parliament.

...May we hope that if the Gov...nment is at long last to tackle ...is blatantly unfair local tax ...will at least get it right this ...me?

Attacks on most local services ...nd amenities has no more to ...y with houses than with cats ... bicycles. Water, sewerage ...d refuse collection are to do ...ith houses, but also involve ...erybody. The first two are, ... any case, taxed separately ...nd should certainly be based ... some extent on the number ... occupants.

General rates should consist ... either a local or supplemen...ry central income-tax, which ...ould justly fall on exactly the ...ame people as ordinary ...come-tax. I cannot see why ...he Government already con...ributing a large part of local ...xpenditure cannot go the ...hole way.

More than half the domestic ...ates bill is spent on education, ...hich for some obscure reason ...s borne to the extent of about ...0 per cent by ratepayers, who ...lso contribute as much as any...ne else to the other 60 per ...ent, through general taxation.

The only letters I have read ...acking the existing system have been from correspondents with an axe and grinding stone by their side — councillors and rating officers.

G. K. Burnham.
207, Cassiobury Drive,
Watford, Herts.

More local authority staff will be needed

From Mr W. Bridge.

Sir,—With reference to your article (Page 13, November 5) on the Government's proposals for a unified housing benefit scheme, it should be made clear that the present rebate schemes are operated by local authorities, not directly by the Department of the Environment. Furthermore, local authorities bear 10 per cent of the costs of rebates and allowances and, more importantly, the whole of the administrative costs. The new proposals will inevitably place additional financial burdens and staffing requirements on local authorities. Central Government will then, no doubt, boast of its own staffing reductions, having reduced its workload, while re-doubling its castigation of local authorities for increasing their staffing and expenditure to cover the workload thus transferred.

W. G. Bridge.
3, Marygate,
Brewood, Stafford.

Resolving insurance disagreements

From the Deputy Director, Consumers' Association

Sir,—The insurance Ombudsman scheme set up earlier this year has been well received by consumer organisations. It is manifestly independent and has been devised to ensure that policyholders with problems get advice and help and a decision in a climate very unlike the formal and adversarial procedures used in conventional arbitration. Moreover the Ombudsman scheme does not take away the policyholders' right to seek redress in the courts.

On the basis of information so far available (November 7) the personal insurances arbitration service seems to provide a more limited and less accessible means of resolving disagreements. The scheme is likely to be recommended as a second best alternative by anyone familiar with the whole subject of redress for consumer complaints. The existence of more than one "protection" scheme will be very confusing for policyholders. It seems such a pity when there is an Insurance Ombudsman Bureau developed in full consultation with consumer organisations that the insurance industry shows itself unable to agree on a single system of consumer protection. And the total absence of any consultation by the PIAS with consumer organisations does not encourage us to believe that the PIAS has come off a fence of insurance protection.

Rosemary McRobert.
Consumers' Association,
14 Buckingham Street, WC2

Raising aggregate demand

From Professor D. Myddelton

Sir,—If, for example, 90 per cent are employed at £7,000 a year, it may be that ... wage rate to ... employers to ... Then total ... will increase from £9,000 to £9,310, and those who want an increase in aggregate demand will be satisfied.

D. R. Myddelton (Professor).
Cranfield School of Management,
Cranfield, Bedford.

Individual covenants to charities

From the Director, The Spastics Society

Sir,—The helpful and timely article by Mr David Wainman (November 7) about the more advantageous arrangements which became effective on April 6 this year in respect of individual covenants to registered charities highlighted very clearly the great complexity of the present system.

Charities have experienced considerable difficulty in exploiting the new facility for individuals making donations under deeds of covenant to save tax at their marginal rate. The main consequence of the Government's decision to make covenants deductible at marginal rather than basic tax rates it seems will be to save a certain amount of tax for the individual covenantor.

Desirable though this undoubtedly is, it does not accord with the Government's stated aim of giving help to the voluntary sector in order to assist major charities and other voluntary organisations to play their role in the partnership between Government and voluntary sector, which both sides are anxious to achieve.

When this is set alongside the cost to charities of the Government's increase in the rate of VAT from 8 per cent to 15 per cent, the urgency of the need for Government to grant a general relief from VAT to charities becomes all the greater. This can be evidenced from the fact that the VAT reform group of eight leading charities recently wrote to the Prime Minister showing that the estimated benefit of the concessions on covenants and legacies introduced in the 1980 Finance Act and effective from April this year amounted to £544,246 compared with £1,487,417 lost in unrecoverable VAT.

Tim Yeo.
12 Park Crescent, W1

UK COMPANY NEWS

Ultramar surges to £141.7m in first nine months

DESPITE CRUDE oil oversupply, new taxation and the recession, the results of oil and gas exploration and production group Ultramar Company continued to outperform the directors' projections in the third quarter of 1981.

Taxable profits for the quarter rose to £49.8m against £34m last time, bringing the total for the first nine months to £141.7m (£94m). Sales jumped to £361.9m (£207.1m) bringing the nine-month figure to £1.08bn (£657.9m). Earnings per 25p share are given as 63.5p (50.4p) for the three quarters.

Mr Arnold Lorbeer, chairman, says most of the group's earnings were in U.S. and Canadian dollars and the results were helped substantially by the strength of these currencies against sterling. The major contributions to the group's profits came from its Indonesian, Eastern Canadian and Caribbean operations.

The group's capital expenditure programme is proceeding as planned, he says. The first of the six 76,000-ton oil-bulk-ore carriers being built in Spain will be delivered before the end of 1982. Expansion of the liquid natural gas plant in Indonesia, which will double the capacity, is expected to be completed in the second half of 1983, and the acquisition of Beacon Oil Company in California is anticipated before the end of this year.

Production from the North Sea Maureen Field is scheduled to start by early 1984. An accelerated exploration drilling programme is under way in the UK North Sea and in the U.S. The group is drilling, on Block 13/29, the first North Sea well for which it is the operator. Also the group has opened an office in Australia and geological and geophysical work is under way.

The group has decided to build a catalytic cracker at its Quebec refinery with some modifications to handle selected heavier feed stock. The refinery will also have some changes to its ancillary facilities to conform with the market for light and heavy products which is forecast for Eastern Canada.

The engineering on this project is almost completed and all of the long-term delivery items of equipment for a 30,000 barrel per day catalytic cracking unit are, or will be, on site within six months, Mr Lorbeer says.

The project is now estimated to cost approximately C$200m including monies already spent, but excluding interest during construction. Completion is expected in the latter half of 1983 and no material interruption in current refinery operations is anticipated during the construction period.

The group's entitlement to income from Indonesian liquid natural gas sales is included in the profit and loss account after deducting transportation and liquefaction costs, and debt service on the loans raised by Pertamina to finance the whole of the construction cost of the Badak liquid natural gas plant which is operated on a break-even basis.

In order to match income with these deductions, the group's entitlement is adjusted to reflect an equal annual charge for debt service, rather than the uneven repayment schedule established for the loans, all of which are repayable within a 12-year period starting in 1977. Effectively, therefore, the cost of the plant will be fully amortised by the end of 1989.

Taxable profits for the nine months were struck after amortisation, depreciation, depletion and amounts written off totalling £15.8m (£10.9m). Tax took £70.7m (£40.8m) — of which £27.1m (£12.2m) was deferred—and after foreign exchange losses of £2.7m (£600,000 gains) net profits emerged at £68.3m (£53.8m).

The foreign exchange losses relate almost entirely to long-term loans of individual subsidiaries repayable over the years to 1993 and reflects the premium on forward exchange contracts negotiated to fix the cost of repaying SwFr30m in 1985.

Cash flow from operations during the period amounted to £113.2m (£73.4m) and there was an increase in working capital of £65.6m (£700,000 decrease).

Operating figures for the nine months show: sales of oil (barrels per day) 206,100 (205,200); oil refined (barrels per day) 81,300 (76,900); oil produced (barrels per day) 8,900 (8,800); gas produced (thousands of cu ft per day) 162,900 (171,400); gross wells drilled 61 (47); and oil and gas wells completed (in which the group has varying interests) 48 (35).

See Lex

Staveley Inds. falls to £2m: holds interim

IN LINE with the directors' pessimistic expectations taxable profits of Staveley Industries slumped from £3.26m to £2m in the half year to September 26 1981 on lower turnover of £72.96m compared with £83.36m.

However the interim dividend of this holding company with interests in electrical and mechanical engineering, and mineral production, is being maintained at 4.5p net per £1 share. Last year a total of 13p was paid on pre-tax profits of £7.33m.

Mr A. Frankel, chairman, says that the results represent a reasonable achievement in the face of extremely adverse trading conditions. The directors expect profits for the second half to show an improvement—subject to the absence of significant external surprises.

The mineral products subsidiaries continued to perform excellently and the electrical and mechanical services group also did well despite difficult market conditions in the UK which had a severe impact in some of the contracting divisions, Mr Frankel says.

George Salter and Company is recovering after breaking even last year despite its extremely difficult trading position. The foundries group is still finding the going tough and the metal refining activities suffered badly from a permanently reduced market. The group now has excess capacity in metal refining and as a result it is proposing to close its pig iron plant at Darlaston. Production will be consolidated in the smaller plant at Warner and Company, in Middlesbrough, which the group will benefit from the rationalisation achieved.

Some of the smaller businesses in the engineering services part of the machine tools and engineering group also continued to suffer from the low activity levels in British industry. Further redundancies had to take place in these areas, Mr Frankel says.

Lapointe and Kearns-Richards the two major machine tool manufacturing divisions, should both trade profitably in the second half of the year. Both company's have achieved significant orders in the U.S. and their previous investments in overseas marketing resources are now bearing fruit, he says.

The U.S. companies performed well and are continuing to grow, but the remaining Canadian operation, Williams Machinery in Vancouver suffered badly from recent lumber strikes, followed by a strike in the Canadian factory of Clark, which supplies it with the bulk of its requirement f[...] forklift trucks. This compa[...] will not start recovering [...] lost ground until the strike [...] settled.

The group's gearing remai[...] low, its balance sheet is sat[...] factory, and it has ample r[...] sources available for expansi[...] and for acquisitions Mr Frank[...] says.

Pre-tax profits were stru[...] after interest charges of £1.01[...] (£1.26m) and tax took £351,0[...] (£977,000). Minority interes[...] were £423,000 (£408,000) leavi[...] attributable profits of £1.06 (£1.87m).

● comment

By and large, Stavele[...] experience in the first half h[...] justified the gloomy statemen[...] the group was issuing in t[...] summer. Although the burd[...] of rationalisation costs [...] smaller than last year, trad[...] profits have slipped by a thi[...] In such a various group, ho[...] ever, it is likely that few [...] the parts will be closely in li[...] with the overall result. Wh[...] has happened is that reduc[...] demand—particularly for a[...] contracted work—has tipped t[...] smaller engineering compani[...] into loss, while the foundri[...] division has carried on in [...] character of a black hole, le[...] ing to the inevitable closure [...] Darlaston. But at the sa[...] time, Salter has come back in[...] profitability in the UK, as i[...] vestment in high-speed press[...] and modern spring-plant sta[...] to pay off. EMS has a sizab[...] load of profitable overseas co[...] tracts (under GEC in Ho[...] Kong and Westinghouse [...] Korea), and there is m[...] capacity working at Kearn[...] Richards after a thin patch. [...] the minority interest reve[...] Staveley's main earner[...] minerals—has done slight[...] better than last year. Ev[...] with a better second half, t[...] group will probably end [...] with its smallest annual pro[...] since about 1975. But t[...] balance sheet is extreme[...] strong, and acquisitions are st[...] being sought. At 206p (up 3[...] the historic yield is just und[...] 10 per cent.

B & C ahead to £13m at midterm and forecasts around £26m for year

UP FROM £11.36m to £13.14m at midway, British and Commonwealth Shipping Company is forecasting an advance in pre-tax profits from £24.19m to around £26.3m for the current year. In this event the directors intend to recommend a final dividend of 7.5p net. This, with the interim of 6p (5.5p) now declared, would lift the total payment from 12.5p to 13.5p.

Turnover for the half-year to June 30 1981 fell from £163.1m to £155.2m and the pre-tax result was in line with expectations. It reflected improved profits of £19.67m against £17.65m by shipping, aviation and other activities, and a cut in interest payable from £7.29m to £6.58m. These plus factors were partially offset by a fall in the share of associates from £6.53m to £3.51m, but the depreciation charge remained virtually unchanged at £10.3m (£10.7m).

Group tax took £3.55m (£2.09m) and that of associates absorbed £239,000 (£1.79m). This left net profits at £9.35m (£7.48m) and earnings per 50p share at 24.8p (18p). After minority profits of £1.31m (£1.32m), the attributable balance came through at £8.04m (£6.16m).

An analysis of operating profits of £9.44m (£6.98m) shows: shipping £2.14m (£0.61m); air transport £2.5m (£1.58m); aviation support services £2.17m (£1.57m): hotels £112,000 (£280,000) loss; office equipment £739,000 (£1.48m): other activities £151,000 (£915,000) and profit on sale of ships £1.86m (£1.1m).

On outlook the directors say present indications support the belief that full year pre-tax profits will show an improvement over those of last year. It is anticipated that the second-half result will be little different from that of the first.

Meanwhile, indications at Caledonia Investments, which holds 49 per cent of B and C Shipping, points to a pre-tax profit for the current year in line with last year's £4.14m. Those for the six months to September 30 1981 showed an improvement from £2.1m to £2.29m. The net interim dividend is raised to 6p (5.5p); last year's total being 13.5p.

The directors report that midterm results reflect some improvement in trading performance by the two industrial groups, but conditions remain difficult, particularly in engineering activity. Turnover for the period rose from £3.89m to [illegible]m, franked investment income expanded to £2.01m ([illegible]) but unfranked was lower at £127,000 (£154,000).

Interest received totalled £40,000 (£54,000), that payable on loan capital took £90,000 (same) and depreciation absorbed £125,000 (£115,000). After tax of £720,000 (same) the net profit turned in at £1.57m (£1.38m) and earnings per 25p share advanced from 7.74p to 8.64p. There were minority profits of £25,000 (£5,000 losses) and the attributable balance increased from £1.36m to £1.52m.

See Lex

HIGHLIGHTS

Lex looks at the latest figures from Ultramar where net profits are up from £53.8m to £68.3m for the nine months. The results are better than expected and the company continues to plough ahead with its ambitious capital expenditure plan. Meantime British and Commonwealth Shipping closed the books on a half year showing a £1.7m pre-tax gain to £13.1m. Expectations are now running for a small full-year improvement. Lex then moves on to look at four of the largest Japanese securities companies which reported their figures to the year ended last September. Profits are sharply higher in all cases thanks to an increase in the volume of business on the Tokyo stock market and higher underwriting profits on new issues. Finally the column considers the implications of the large oversubscription for the Exco issue which closed yesterday.

LWT results climb to end at £4.26m

RESULTS BETTER than expected by the board a year ago are reported by LWT (Holdings) for the year to July 26 1981 in spite of the difficult circumstances. Pre-tax profits climbed from £3.06m to £4.26m on turnover £19m higher at £99.47m.

The group's performance was led by London Weekend Television, says Mr John Freeman, chairman of this independent TV programme contractor, book publisher and tour operator.

The final net dividend is held at 5.9835p, repeating the total at 10.0691. Earnings per share are given as 19.27p (24.63p).

Advertising revenue in the television company showed "a useful increase" in the first three months of the current financial year, says Mr Freeman. He adds that there are still a large number of unanswered questions related to the substantial cost of the introduction of the fourth channel in 1982.

The high start-up cost of this channel will inevitably affect profits for the next two or three years. "Nobody need doubt that thereafter the group will have adjusted to the changed conditions," says Mr Freeman, "and will deliver a level of profit sufficient to finance its further development and properly reward those who invest in it."

Trading profits for the year stand at £8.81m compared with £8.[illegible]m last time. Pre-tax profits were struck after deducting an exchequer levy of £3.82m, against £4.9m previously.

The publishing subsidiary, Hutchinson, did well to reduce its losses of last year by more than 50 per cent, according to Mr Freeman. He says losses will be further significantly reduced in the current year.

The charge for taxation rose to £1.02m after a credit last time of £1.22m. The charge is made after crediting £653,000 for stock provisions.

Attributable profits emerged marginally lower at £3.29m (£3.37m) after reduced extraordinary items and minorities of £55,000 (£910,000). Retained profits were slightly lower at £1.65m (£1.75m).

● comment

LWT's shares hit bottom last April when declining profits and an uncovered dividend sent them to 88p. They have been climbing in recent months, and bounced up another 8p yesterday to 126p on the cheerful news. Huge stock write-offs and production cutbacks at Hutchinson helped to halve its losses to about £1.1m in the year. It now seems possible that the publisher could break even in the current year. The ITV strike depressed the 1980 accounts, but television profits have improved in the year, thanks to LWT's maintained share of a 26 per cent increase in the revenue for the industry as a whole. This year, TV advertising continues to look strong—the last four months of 1981 are expected to show a 25 per cent advance over last year. This growth will be necessary to help cover the costs of the fourth channel, which should work out to a debit of some £1m next year. Page and Moy, the travel group, are also a worry as their profits have not recovered from a fall in bookings at the start of the year. Still, the shares are well-supported by a 12 per cent yield and a p/e of nearly 11 does not seem to demanding.

Amber Industrial sharply higher

Pre-tax profits of Amber Industrial Holdings rose sharply from £26,000 to £127,000 for the six months to September 30, 1981, despite marginally lower turnover of £2.32m, compared with £2.42m.

The improvement arose principally as a result of a better trading performance by the company's subsidiary, Ambersil, and a reduction in financing charges as borrowings to finance capital expenditure have been progressively reduced. The directors point out that it is too early to make any firm prediction of the likely outturn for the year with trading conditions remaining difficult.

However, they say although taxable profits in the second half are unlikely to equal those of the first six months the total for the year will show a "welcome improvement"—for 1980-81 the taxable surplus emerged lower at £102,000.

As forecast in the chairman's annual statement the company is to begin paying dividends at the halfway stage and accordingly an interim of 1p net is declared. A single dividend of 2.5p was paid last year.

The pre-tax profit for the six months was struck after depreciation of £96,000 (£90,000) and interest down from £82,000 to £44,000.

Tax took £51,000 (£13,000) and stated earnings per 10p share were 2.85p (0.43p).

The company, whose interests include refractory fittings and tubular products, is controlled by Caledonia Investments.

Second half likely to offer little for Kwik-Fit

Full-year results for Kwik-Fit (Tyres and Exhausts) Holdings are likely to show little improvement over those announced this week for the six months to August 31, the chief executive has warned.

Mr Tom Farmer told a presentation to investment managers in Edinburgh that trading continued to be extremely difficult and would be compounded by the additional winter overheads required.

However, he said that comments in reaction to the first-half figures did not seem to reflect the qualifications expressed in the accompanying statement.

There the directors had pointed to the initial losses made by newly acquired depots—70 were taken on last year at a cost of some £3m—but had stressed that the initial adverse effect on profits would eventually be offset by an increase in market share which should result from this strong national network when business picks up.

They had also attributed the decline (from £2.14m to £1.44m at the pre-tax level) to a reduction in margins as companies endeavoured to run down stocks.

The board remained confident over the company's future prospects, Mr Farmer emphasised.

Manchester Water meter

The Manchester Water Met[...] Company, which has been tak[...] over by a consortium formed [...] Mr Martin Rosenhead, Mr Pet[...] Coventry and Mr David Quay[...] was not previously in receive[...] ship as reported in the Financi[...] Times yesterday.

HTV advertising buoyant but outlook 'difficult'

DESPITE THE gloomy economic climate TV advertising has remained buoyant at the expense of other media, Lord Harlech, the chairman of HTV Group told shareholders at the annual meeting yesterday.

For the first quarter of the current year revenue was up 25 per cent against last time, but this rate was unlikely to continue. With the very depressed conditions now existing in Wales it was already proving [illegible]cult for HTV to retain its normal share of ITV's advertising revenue, he said.

HTV's assumption was there could be no recovery in the UK economy before the middle of 1982 at the earliest.

Lord Harlech said he had hoped to be able to report the satisfactory conclusion of negotiations with the Welsh Fourth Channel Authority on the provision of Welsh language programming over the next eight years.

"An agreement covering so long a period is highly complicated. We still have some way to go, but I would like to emphasise once again our determination to contribute to the success of the fourth channel in Wales," he said.

Lord Harlech also returned to the theme of lost revenue and productions because of the way Exchequer levy was now imposed, reducing the company's opportunities to make programmes for the world market.

"I intended no criticism of the IBA which has administered the levy in accordance with the provisions laid down by Parliament. At present an attempt to secure more levy for the Exchequer results in loss to the country of foreign exchange, employment opportunities and corporation tax since programmes will not be made here at all.

"This is what happened in our case and it seems sensible to query an arrangement which penalises the television industry and the economy generally," he said.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Allnat London ......int.	1	Jan 4	1	—	4.4
Aquascutum ....int.	0.75	Jan 6	0.75	—	2.05
Amber Industrial ...int.	1	Jan 7	—	—	2.5
Anglo Scottish Inv. Tst.	1.5	Jan 5	1.5	2.4	2.8‖
Brit. & Com. Shipg. int.	6	Jan 6	5.5	—§	12.5
Caledonia Invs. ......int.	6	Jan 7	5.5	—	13.5
Common Bros.	Nil	—	9	5	14
East Midland Press int.	1.15	Jan 6	1.15	—	3.5
Electra Inv. ....int.	1.4‡	Jan 29	1.1	—	2.69
LWT	5.98	Jan 2	5.98	10.07	10.07
Oil & Associated ...int.	1.05	Jan 11	1.05	—	3.5
David Scott ....int.	Nil	—	0.6¶	—	2.1¶
Herman Smith	0.3	Jan 6	0.2*	0.5	0.37*
Prince of Wales Hotels int.	0.75	Dec 18	0.75	—	1.75
Staveley Inds. ......int.	4.5	Jan 4	4.5	—	13
Sungei Bahru	1.6	Dec 18	1.6	2.35	2.35
Valor ....int.	0.85	Jan 21	0.77	—	2.66
Whittington Eng. ...int.	1.4	—	1.4	—	3.5

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Increased to reduce disparity—final not less than 1.585p predicted. § 13.5p forecast. ¶ In respect of 16 months. ‖ Includes special payment of 0.4p.

Upturn by Prince of Wales Htls.

CONTRIBUTION from Variety ...s, which Prince of Wales ...els acquired in March, has ...sted the group in returning first-half profitability. After ...rest charges this amounted £21,391 compared with a ...280 deficit.

...urnover of the Southport-...ed group from its hotels in ...ly regional centres totalled ...4m for the period to July 8 ...1, up from £3.19m. It is ...eating the interim dividend at ...p net per 25p share, last ...r's total having been 1.75p ...d from a taxable surplus ...ching £209,434.

...rading conditions in the first ...f continued to be very diffi-...t, the board says.

...pecial factors including loss revenue during refurbishment ...part of the chain, had ...ressed results for the 1980 ...iod with consequent higher ...erest costs. These have now ...n curtailed from £300,313 to ...7,245.

...o tax was paid this time or ...

Herman Smith up to £0.73m

...RISE in second-half taxable ...fits from £416,000 last time to ...8,000 gave Herman Smith a ...l-year figure to end-June 1981 ...£731,266, compared with ...13,038. Turnover for the 12 ...nths climbed from £8.11m to ...89m.

...The directors of this manufac-...ing and electrical engineer ...rn however, that since the end ...June there has been a down-...n in demand and it is ...likely that profits will be ...tched in the current year.

...There was a tax credit for the ...ar of £309,770 (£283,892 ...rge) and stated earnings per ...n share were up from an ...justed 3.16p to 14.85p. The ...ridend total is effectively ...sed to 0.5p (0.367p adjusted ... 1-for-2 scrip) with a final of ...p net.

BEJAM

At the AGM of Bejam Group ...John Apthorp, chairman, said ...ding was very satisfactory. ...e group had opened four ...remely successful sites in ...otland besides new stores at ...dershot, Winton, Staines and ...sites at Waltham Cross, Oadby ...d Basingstoke.

The key to the first half's profit ...uld be Christmas trading and ...was reasonably optimistic.

EMAP static at £1.88m after six months

PRE-TAX PROFITS of East Midland Allied Press remained static at £1.88m, compared with £1.87m, for the 28 weeks to October 10 1981 despite a sharp rise from £7,000 to £294,000 in net interest receivable which arose mainly from the proceeds of the rights issue last December.

Although the net interim dividend is maintained at 1.15p Mr Frank Rogers, the chairman, warns that difficult trading conditions are likely to prevail throughout the second half of the financial year. Any upturn, he says, is not expected to occur before the beginning of the 1982-83 year. Last year a final of 2.35p was paid from taxable profits of £4.05m.

Turnover of this newspaper and periodical publisher, contract printer and retailer, rose during the half year from £20.83m to £24.79m but trading profits slipped to £1.59m (£1.87m). Tax took £753,000 (£749,000), leaving the net balance at £1.13m (£1.12m).

Stated earnings per 25p share declined from an adjusted 5.3p to 4.6p.

Figures of an overseas associate were not included in the results but these were not considered to be significant.

Commenting on the half-year, Mr Rogers says that although the results represent an acceptable performance in the current economic climate they were, nevertheless, depressed by an underlying decline in the profitability of the group's provincial newspapers.

He explains that all categories of advertising were down in volume, compared with a year ago, with a 9.7 per cent drop overall. Although income rose by 6 per cent because of higher advertising rates, costs increased by over 9 per cent and profits were subsequently lower.

It is pointed out that provincial newspapers are facing mounting competition for advertising business — particularly from the rapidly-expanding free sheets.

National publications maintained their performance at last year's level—Motor Cycle News and Smash Hits both substantially increased their profits. A *bi-monthly publication, Fleet* News, was acquired during the half-year.

Sales revenue in contract printing increased by 9 per cent and costs were held below this level. Profit from the group's pre-print operation also improved.

In retail the travel company's profits were reduced by leaner margins and a reduction in the volume of business travel—this is unlikely to improve until economic conditions pick up.

Go-Places (Travel) of Norwich has been acquired for £65,000 which will be met by the issue of "A" ordinary shares. A news agency has also been purchased at St Neots.

Production has been halted at the group's Peterborough site because of an inter-union dispute. The Printing Industries Committee of the TUC is examin-*ing the issues, and it is hoped* that resumption of work will take place as soon as possible.

● comment

EMAP's six year's of profits growth has pulled to a halt. Trading profits have sunk by 15 per cent with interest income from last year's rights issue holding the pre-tax profit line steady. Newspapers' contribution have sunk again, this time by a third to £342,000. Costs rose by 9 per cent in the *six months* and the outlook for the second half is not bright. A few more magazines have been added to EMAP's stable and that division has managed to hold up its share in a shrinking market, providing three-fifths of trading profits. The company is still sitting on £3.5m in cash and says it is unable to find a "suitable" acquisition. Shares unchanged at 91p offer a prospective yield of less than 6 per cent, assuming the final is held. If the Peterborough strike is settled quickly, the company should clear at least £3.5m for the full year, which indicates a prospective rating of about 13.

Electra Investment improves

GROSS REVENUE of Electra Investment Trust moved ahead from £3.3m to £4.55m for the half year to September 30, 1981 and after-tax earnings emerged at £2.18m, compared with £1.93m.

The net interim dividend is raised from 1.1p to 1.4p net, to reduce disparity, and the directors at present consider that they should be able to recommend a final of not less than the 1.585p paid for 1980-81.

Tax for the half year took £918,000 (£911,000).

Net current liabilities at September 30 were £7.42m (£435,000 at March 31, 1981) and net asset value per 25p share is given as 66.03p at September 30 (73.41p at March 31). Investments totalled £119.36m (£113.46m).

Wilshaw Securities losses fall

Second-half taxable losses of hydraulic press and equipment manufacturer Wilshaw Securities fell from £64,639 to £7,046 bringing the figure for the year to Junly 31 1981 to a pre-tax loss of £19,614 against £108,293.

With the stated losses per 25p share at 0.7p (5.9p) the year's dividend is again being missed.

MINTY

The second half of the year at Minty has shown little evidence *of any general improvement, say* the directors. Interim figures have already been announced.

Charles Hill predicts profits

DESPITE INCREASED pre-tax losses in the first six months for Charles Hill of Bristol, the directors are confident that the results for the second half will show a marked improvement.

First-half taxable results increased from a deficit of *£265,000 to £319,000* on higher turnover of £6.36m compared with £6.13m previously. Losses per ordinary £1 share are stated at 25.6p against 22.1p last time. The last dividend payment was a final of 2p net for 1978.

The directors expect the company to move into profit in the next 12 months. They point out that the immediate outlook for the group is hard to predict, but *add that a significant* acquisition is likely to be completed immediately before the year end, which will have a major bearing on profits in the coming year.

While the policy of the company is to develop and expand existing activities where possible the group will depend less in the future on shipping and service industries. There *are a number of projects* under examination and an active acquisition policy is being pursued.

First-half results were mainly affected by the substantial downturn in demand for ship repairing and reduced shipping activity in the Bristol Channel earlier this year. These adverse trading conditions continued into the third quarter.

*However, a marked improve*ment has been seen recently after various management changes, which have extended group activity and increased market share.

The recession has reduced building and contracting in the north of England. Despite the difficulties, the group's civil engineering and building subsidiary, B. B. Kirk, has continued to trade profitably.

The group carries on business in civil engineering, building and property development, ship repairing, shipping and transportation.

In the last full year, the loss before tax was £122,790 on turnover of £14.12m.

There was again no charge for taxation for the half year. After an increased minority credit of *£26,100 (£13,100) and preference* dividends of £6,500 (same) the attributable loss emerged at £299,400 (£258,400).

Allnatt London increases

A rise in pre-tax profits was *shown by* **Allnatt London Properties** from £2.83m to £3.5m for the half year to September 30, 1981. The total for net rent and other income, less property expenses, amounted to £4.39m, compared with £3.69m previously.

Pre-tax profits were struck after marginally lower interest charges of £653,100 (£656,100), higher depreciation and amortisation of £169,000 (£137,500), and increased management expenses of £67,000 (£55,600). The charge for taxation rose from £1.36m to £1.68m.

Highland Distilleries outlook

MR JOHN MACPHAIL, the *chairman of Highland Distilleries*, tells members in his annual review that the directors do not expect any improvement in the new fillings position in 1982 and that to maintain the 1981 figures would be considered a satisfactory performance in the light of current trading conditions.

He says that sales of matured whisky should show a small improvement in volume but warns that margins will be under pressure. Although sales of bottled single malts made a "very modest" contribution to 1980-81 results the company is continuing to invest in these products as it appears to be an area of future potential, the chairman explains.

The group's Famous Grouse *label is expected to continuing* making encouraging progress as a quality premium priced brand despite the current economic situation. It is pointed out that sales in England continue on a strong growth pattern and those in Scotland are maintaining "an extremely satisfactory level." In the export field certain markets are showing signs of potential growth and the overall trend is upwards, Mr Macphail adds.

He warns, however, that this is a diverse and expensive area of operation and it will be some time before the group can expect a worthwhile contribution to profits from this source as it is believed that growing markets should be *strongly supported to enable the* brand to become firmly established.

As reported on October 27 turnover of the group for the year to August 31 1981 was boosted by increased sales of the Famous Grouse brand and by a rise in the level of Excise duty on sales in the UK. Pre-tax profits, however, fell from *£5.82m to £5.06m* despite the Famous Grouse brand making a substantial increased contribution to profits.

The accounts for the year show shareholders' funds at £39.68m (£36.91m) and net current assets at £32.17m (£29.69m). Meeting, Glasgow, December 4 at noon.

Assets decline at City & Comm'l Trust

Net assets of City and Commercial Investment Trust, including investments at valuation, are valued at £16.59m as at October 31 1981, against £18.7m on July 31.

After maintained deductions of £6.02m in respect of debenture stock and income shares at par, attributable assets emerge at £10.58m or 301¾p per £1 capital share (£12.68m or 361¾p).

On September 9 the trust reported after-tax revenues for the half-year to July 31 improved from £355,419 to £404,100.

UK COMPANY NEWS

Chas. Clifford reshape with £1.8m rights

THE BOARD of Charles Clifford Industries, the loss-making metals group, is reorganising the corporate structure and is to mount a £1.8m rights issue. The changes are being implemented to improve the company's ability to raise long-term capital and the rights issue is mainly intended to reduce borrowings.

In a circular dispatched to shareholders Charles Clifford Industries says that on October 23 1981, the latest practicable date before the publication of the circular, the company's bank borrowings stood at some £2.43m.

"Your directors have been considering for sometime means by which the levels of borrowings might be reduced. This can only be achieved in the short term by a disposal of profitable assets under adverse conditions or the raising of long-term funds."

The alternatives had been considered bearing in mind the company's ability "to raise further capital by issuing shares is hampered by its existing share structure and the discount market price of Clifford shares to their nominal value."

The directors have concluded that the interests of shareholders will be best served by raising long-term capital. Accordingly it is proposed to raise some £1.8m by issues of shares and loan stock following the reorganisation of Clifford's corporate structure by means of a scheme of arrangement.

A new company, Ferrous Protection, has been formed and will become the new holding company of the group under the scheme. It is intended that its name should be changed shortly to Telfos Holdings. Telfos being a brand name of one of Clifford's Products.

Under the scheme it is proposed that the new holding company should acquire all the issued share capital of Clifford in exchange for ordinary shares of 20p each of the new holding company on the following basis:

For every two preference shares which Clifford shareholders hold, three shares in the new holding company will be issued; for each 12 per cent convertible preference share held, two shares; and for each ordinary share, one share in the new company.

If the scheme becomes effective, after gaining the necessary consents from the courts, approval from the Stock Exchange for the listing of the Telfos shares, and approval from shareholders it is proposed that Telfos should raise additional funds through a rights issue of ordinary shares and 12 per cent unsecured convertible loan stock 1991.

The rights issue is to be made on the following basis: one new Telfos share at a price of 25p per share for each Telfos share issued under the scheme of arrangement; and £1 nominal loan stock at par for every two Telfos shares issued pursuant to the scheme.

Loan stock interest will be payable on June 30 and December 31 in each year. The loan stock will be convertible into Telfos shares on the basis of one share for every 30p nominal loan stock in June each year. The loan stock is repayable in full on December 31 1991.

The proposed rights issue has been fully underwritten by Henry Cooke Lumsden. It will raise about £1.7m after expenses. But in a separate arrangement, and subject to the approval of Telfos shareholders, it is proposed that another £100,000 will be raised by the issue of 400,000 Telfos shares at the rights price to Plantation and General Investments, a company of which Mr Konrad Legg, the chief executive of Clifford, is chairman and majority shareholder.

The company said the improved trading position referred to in its interim statement is being maintained throughout the group and, while in the current economic conditions it is difficult to predict future trading patterns with confidence, the directors of Clifford believe that the improvement will continue.

However, it is expected that, in the absence of unforeseen circumstances, the group will make a loss on trading of approximately £50,000 for the six months ending December 31 1981.

In view of the improved current trading conditions and other matters "the directors are of the opinion that the future outlook for the Clifford group is more encouraging than for some time."

At the end of October Mr Oliver Jessel resigned as chairman of the group to be succeeded by Mr S. J. Cockburn. The circular to shareholders discloses that it has been agreed with Mr Jessel that he should receive £21,000 as "compensation in consideration of the cancellation of his service agreement," which had two years to run, and of which £11,000 has been paid and £10,000 is due on April 8 1982.

"Mr Jessel's colleagues, Mr V. I. M. Hume and Mr T. A. Lewis also resigned at the same time and will receive £1,250 each as compensation."

Agreement has been reached in principle for the sale of the Bredbury branch of Metallisation Service to Mr Aucott, formerly managing director of Clifford, at a price of £97,500. This transaction will be subject to shareholders' approval as Mr Aucott was recently a director of Clifford.

Metallisation has recently reorganised its marketing arrangements for the U.S. and has decided to dispose of its 45 per cent interest in Tafa Metallisation Inc. "Negotiations are in progress for a disposal and it is expected that the proceeds will be in the region of $400,000 showing a satisfactory gain over the original cost of $250,000 in 1979."

BANK RETURN

	Wednesday Nov. 11 1981	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	42,442,622	— 1,107,686
Bankers Deposits	514,020,263	— 54,426,162
Reserve & other Accounts	1,454,053,720	— 22,035,508
	2,025,069,605	— 77,569,406
Assets		
Government Securities	545,145,069	— 32,815,000
Advances & other Accounts	1,010,632,207	+ 4,212,376
Premises Equipment & other Secs.	458,074,728	— 52,006,268
Notes	10,951,787	+ 2,980,963
Coin	265,814	+ 58,523
	2,025,069,605	— 77,569,406
ISSUE DEPARTMENT		
Liabilities	£	£
Notes issued	10,575,000,000	— 25,000,000
In Circulation	10,564,048,213	— 27,980,963
In Banking Department	10,951,787	+ 2,980,963
Assets		
Government Debt	11,015,100	—
Other Government Securities	7,512,451,293	— 726,812,096
Other Securities	3,051,533,607	+ 701,812,096
	10,575,000,000	— 25,000,000

BIDS AND DEALS

Evode buys Postans for initial £2m cash

EVODE HOLDINGS has acquired Postans, the Birmingham manufacturer of powder coatings, stoving enamels and plastic dispersions, for an initial sum of £2m in cash.

A further £400,000 in cash is payable on Nvember 12 1983 and interest at the rate of 10 per cent a year will be payable by Evode on part of the second tranche of the consideration from yesterday until the due date.

In the seven months ended July 31 1981 Postans made an audited pre-tax profit of £241,512 (£295,833 for 1980 calendar year) after charging £45,000 of non-recurring trading expenses, and on turnover of £2.41m (£4.04m for 1980). Net assets at July 31 were £1.52m, excluding a property surplus of £160,313 arising from a revaluation since that date.

Mr A. H. Simon, the Evode chairman, points out that the powder coatings sector of Postans has achieved considerable growth in the past few years and this is likely to continue in the foreseeable future. All of Postans' products are produced on a 5-acre site with 100,000 sq ft of covered space, three miles from the centre of Birmingham. There are 150 employees and it is the intention that the existing management team will continue.

Within the existing Evode group, there is a specialist coatings company, Allweather Evode Paints. The chairman says it is significant that this company and Postans are strictly complementary in the markets which they serve and their combined turnover should approach £6m annually.

Pritchard EGM approves acquisition

At the Pritchard Services Group extraordinary general meeting yesterday the resolution to approve the proposed acquisition of National Medical Consultants was duly passed.

A further announcement will be made as soon as the other conditions, including the expiration of the further waiting period under the Hart Scott Roding (U.S. anti-trust) notification procedures, have been satisfied.

Mr Harvey Ross sells shares in two holdings

Yorkshire businessman Mr Harvey Michael Ross has reduced his holding in two of the public companies

Mr Ross has reduced his holding in Standard Fireworks from 10.2 per cent to 7.9 per cent—equal to 199,914 shares. His holding in H. Goldman has gone down from 564,016 to 544,016, representing a 23.65 per cent stake (24.52 per cent).

Hallite repeats forecast

Mr J. Gordon, the chairman of Hallite Holdings, says, in a further letter rejecting the General Tire bid, that Hallite's profit forecast for the year to May 1982 will fully substantiate his statement that trading for the current financial year is expected to be most encouraging.

GRANGE TRUST

In connection with the offer by Courtaulds Pensions Common Investment Fund for the ordinary stock units of The Grange Trust, it is estimated that if the formula net asset value (details of which are contained in the formal offer document) had ben calculated on November 11 1981 it would have amounted to approximately 158.5p per ordinary unit.

SHARE STAKES

Archimedes Investment Trust—A. W. F. Clapperton has reduced his interest in the capital shares to 130,000 (10.61 per cent of those in issue and 7.074 per cent of the total issued share capital).

Wintrust—Nesset Investments (Jersey) holds 20 per cent of the share capital (previously 19 per cent).

Alexander Howden—Alexander and Alexander Services have bought 75,000 Alexander Howden shares at 144½p, making holding 5,425,000 shares (5.95 per cent).

Bertam Consolidated Rubber Company—Johore State Economic Development Corporation holds 3,936,500 ordinary shares (19.6825 per cent).

Alexander Howden Group—Alcander and Alexander Services bought 50,000 ordinary at 143p on November 10 1981, and now holds 5,350,000 (5.81 per cent).

D.A.D. Properties — Folio Homes, together with its nominees—City of Dublin Bank (Nominees) and Irbanco Nominees—and associates, own and control 920,000 ordinary, which were purchased during the course of this year (6.3 per cent approximately).

Mitchell Somers — Throgmorton Trust has sold the whole of its 8 per cent holding of 1,342,861 shares.

Tanks Consolidated Investment—Between midday on November 9 and up to midday on November 11 Societe Generale purchased 1,750 units at 450p each.

Parkland Textile (Holdings)—Sir Richard Kenneth Denby, director, as trustee has disposed of 131,659 "A" ordinary shares.

Black and Edgington—A nonbeneficial interest of Mr D. C. Black arising through his wife as a trustee has been terminated by the final vesting of 90,000 ordinary stock units in a beneficiary.

Ex-Lands — Jantar has acquired a further 10,000 shares and now holds 407,000 shares (9.12 per cent).

Rosebaugh Company — the beneficial interest of Mr D. M. Blackburn, director, has been reduced by 50,000 shares.

David Scott £367,000 in red midway

Reflecting the difficulties of the UK shoe industry, David Scott Group incurred taxable losses of £367,000 for the six months to July 31 1981 and the company, which manufactures and distributes footwear, is omitting its interim dividend.

The group has changed its year end and the results compare with a pre-tax deficit of £97,000 for the half-year to September 30 1980. An interim of 0.6p net for a total of 2.1p was paid in respect of the 16 months to January 31 1981.

Turnover was down from £4.55m to £3.75m and trading losses emerged at £289,000, against a profit of £9,000. The taxable deficit was after interest charges of £78,000 (£106,000).

Due to the continuing fall in demand for British-made shoes, measures to reduce capacity have been taken, the cost of which will be borne in the second six months.

The directors say the non-shoe activities have not developed to the point where they can significantly offset the adverse impact of the main business. However, these activities are continuing to make "encouraging progress."

Alfred Walker rises to £247,000

Taxable profits of Alfred Walker and Son, building contractor and property developer, improved by £124,000 to £247,000 for the 12 months to April 30 1981, on turnover sharply higher at £4.25m, compared with £2.82m.

After tax of £67,000 (nil) stated earnings per 10p share showed a rise from 4.1p to 6p but there is again no dividend—the last payment was in 1975.

At the midway stage pre-tax profits had advanced from £5,000 to £56,000 and in their interim statement the directors said the improved trading position had continued into the second half.

Anglo Scottish Trust below £900,000

Net revenue of Anglo Scottish Investment Trust declined from £971,521 to £888,806 in the year to September 30 1981, after a higher tax charge of £520,903 against £494,688.

The final dividend is held at 1.5p net per 25p share for a total of 2.4p. This compares with the 2.8p which last time included a special distribution of 0.4p.

Earnings per share are given as 2.72p (2.87p) and net asset value as 84.9p (81.8p).

Television South fully subscribed

In contrast with the avalanche at Exco, the subscription list for Television South remained open for over two hours yesterday morning. The offer was fully subscribed at 12.10 pm, and the list closed. TVS had thus raised £3.4m by its combined offer of ordinary shares and variable-rate loan stock.

Worthy Thompson

Mr Philip Ramsbottom, a partner in chartered accountants, Peat, Marwick, Mitchell and Company, has been appointed receiver and manager of the Worthy Thompson Group of Denton, Manchester. The company is principally concerned with building houses and flats for housing association and local authorities.

Northern Securities

Pre-tax income of Northern Securities Trust for the half year to September 30 1981 totalled £72,764 against £100,126.

Tax took £31,844 (£32,939) and the interim dividend is held at 1p.

The net asset value per 25p share at September 30 stood at 288p (263p).

TRUSTS FORECAST

Transatlantic and General Investments is forecasting a 4p final net dividend for the year to March 31 1982 which, with the interim of 3.3p just announced, would make an increased total of 7.3p (7p) per £1 share.

External Investment Trust, also managed by M and G Investment Management, is forecasting a 4.5p final which, with the 4.5p interim announced, will take the total from 8.5p to 9p.

SPAIN

November 12	Price %	+ or —
Banco Bilbao	330	
Banco Central	331	+6
Banco Exterior	315	+5
Banco Hispano	320	+4
Banco Ind. Cat.	117	
Banco Santander	382	
Banco Urquijo	214	
Banco Vizcaya	356	+4
Banco Zaragoza	220	
Dragados	153	+1
Espanola Zinc	69	
Fecsa	71	+0.5
Gal. Preciados	36	+2
Hidrola	80.7	+0.2
Iberduero	58.2	—1.3
Petroleos	99.2	+0.2
Petroliber	82	
Sogefisa	47	—2
Telefonica	76	
Union Elect.	75.7	+0.2

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: John Beales, De Vere Hotels and Restaurants, F. H. Lloyd.

Finals: Clyde Blowers, G.R. (Holdings), Stothert and Pitt.

FUTURE DATES

Interims—

Brickhouse Dudley	Nov. 2[illegible]
Brown Shipley	Nov. [illegible]
Bronning	Nov. 1[illegible]
Hall (Matthew)	Dec. [illegible]
Locker (Thomas)	Nov. [illegible]
Monks Investment Trust	Nov. 2[illegible]
Pyramid (Publishers)	Nov. 1[illegible]
Redland	Nov. 2[illegible]
Single	Nov. [illegible]
Transparent Paper	Nov. 2[illegible]
Vaux Breweries	Dec. 1

Finals—

Australia and New Zealand Banking	Nov. [illegible]
NSS Newsagents	Dec. [illegible]

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$400	—	—	1	36	—	—	$412
GOLD C	$425	3	4.50	3	22	—	—	"
GOLD C	$450	2	0.50	13	12.10	2	24	"
GOLD C	$475	—	—	32	8 A	10	18	"
GOLD C	$500	1	0.10	—	—	—	—	"
GOLD P	$425	22	14	1	20	—	—	"
GOLD P	$500	1	90	1	86	—	—	"
		Jan.		April		July		
ABN C	F.300	13	3.50	6	6.50	—	—	F.296
AKZO C	F.20	7	4.60	—	—	—	—	F.24
AKZO C	F.22.50	394	2.50	25	3.60	10	4	"
AKZO C	F.25	503	1.30	385	2	12	2.40	"
AKZO C	F.27.50	200	0.50	49	0.90	—	—	"
AKZO P	F.22.50	113	0.70	10	1.20 A	—	—	"
AKZO P	F.25	60	1.90	10	2.30	—	—	"
AMRO C	F.35	—	—	10	2.50	—	—	F.33
HEIN C	F.50	61	0.80	—	—	—	—	F.44.20
HOOG C	F.12.50	—	—	—	—	10	4	F.14.50
HOOG C	F.15	10	0.90	—	—	—	—	"
KLM C	F.90	51	9.20 B	—	—	—	—	F.98
KLM C	F.100	52	5.50	—	—	—	—	"
KLM C	F.110	57	2.40	—	—	—	—	"
KLM C	F.120	35	1.40	—	—	—	—	"
KLM C	F.130	14	0.80	—	—	—	—	"
KLM C	F.140	14	0.50 A	—	—	—	—	"
KLM C	F.150	15	0.20	—	—	—	—	"
KLM P	F.80	7	1.20 A	9	3.80	—	—	"
KLM P	F.90	92	4.50	—	—	—	—	"
KLM P	F.100	38	11.50	—	—	—	—	"
KLM P	F.110	10	19	—	—	—	—	"
NEDL C	F.140	—	—	—	—	5	20.50	F.151
NEDL C	F.150	22	7	17	11.20	—	—	"
NEDL C	F.160	37	3	16	6.90	—	—	"
NEDL C	F.170	17	1.30	—	—	—	—	"
NEDL P	F.130	14	0.60	—	—	—	—	"
NEDL P	F.140	10	2	—	—	—	—	"
NEDL P	F.150	30	4	15	6.20	—	—	"
NEDL P	F.160	25	10.80	—	—	—	—	"
NATN C	F.115	—	—	10	2.50	—	—	F.108.50
PHIL C	F.17.50	20	2.40	—	—	—	—	F.19.60
PHIL C	F.20	159	0.90	66	1.70	10	2	"
PHIL C	F.22.50	—	—	22	0.50	20	1	"
PHIL C	F.25	—	—	10	0.40	—	—	"
PHIL P	F.20	131	1.20	40	1.60	15	1.90	"
RD C	F.80	35	6.50 B	—	—	—	—	F.85.50
RD C	F.90	67	1.40	—	—	6	5.50	"
RD C	F.100	12	0.60	25	2.10	—	—	"
RD P	F.80	61	3	—	—	7	6	"
UNIL C	F.150	67	3.70	32	8.50	—	—	F.150.50
UNIL C	F.160	13	2.50	14	4.50 B	—	—	"
UNIL C	F.170	10	0.70	—	—	—	—	"
UNIL P	F.130	20	0.80	—	—	—	—	"
UNIL P	F.140	42	2.60	7	4.20 A	—	—	"
		Nov.		Feb.		May		
BASF C	DM.140	—	—	18	3.50	—	—	DM135
MANN C	DM.150	—	—	5	8	—	—	DM158.50

TOTAL VOLUME IN CONTRACTS 3764

A=Asked B=Bid C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	15 %
Allied Irish Bank	15 %
American Express Bk.	15 %
Amro Bank	15 %
Henry Ansbacher	15 %
■ Arbuthnot Latham	15 %
Associates Cap. Corp.	15 %
Banco de Bilbao	15 %
BCCI	15 %
Bank of Cyprus	15 %
Bank of N.S.W.	15 %
Banque Belge Ltd.	15½%
Banque du Rhone et de la Tamise S.A.	15½%
Barclays Bank	15 %
Beneficial Trust Ltd.	16 %
Bremar Holdings Ltd.	16 %
Bristol & West Invest.	17 %
Brit. Bank of Mid. East	15 %
■ Brown Shipley	15½%
Canada Perm't Trust	16 %
Cavendish G'ty T'st Ltd	16 %
Cayzer Ltd.	15 %
Cedar Holdings	16 %
■ Charterhouse Japhet	15 %
Choulartons	16 %
Citibank Savings	¶15 %
Clydesdale Bank	15 %
C. E. Coates	15½%
Consolidated Credits	15½%
Co-operative Bank	*15 %
Corinthian Secs.	15 %
The Cyprus Popular Bk.	15 %
Duncan Lawrie	15 %
Eagil Trust	15 %
E. T. Trust Limited	15½%
First Nat. Fin. Corp.	18 %
First Nat. Secs. Ltd.	18 %
Robert Fraser	15 %
Antony Gibbs	15 %
Grindlays Bank	‡15 %
■ Guinness Mahon	15 %
■ Hambros Bank	15 %
Heritable & Gen. Trust	15 %
■ Hill Samuel	§15 %
C. Hoare & Co.	†15 %
Hongkong & Shanghai	15 %
Knowsley & Co. Ltd.	15½%
Lloyds Bank	15 %
Mallinhall Limited	15 %
Edward Manson & Co.	16½%
Midland Bank	15 %
■ Samuel Montagu	15 %
■ Morgan Grenfell	15 %
National Westminster	15 %
Norwich General Trust	15 %
P. S. Refson & Co.	15 %
Roxburghe Guarantee	15½%
E. S. Schwab	15 %
Slavenburg's Bank	15 %
Standard Chartered	‖15 %
Trade Dev. Bank	15 %
Trustee Savings Bank	15 %
TCB Ltd.	15 %
United Bank of Kuwait	15 %
Whiteaway Laidlaw	15½%
Williams & Glyn's	15 %
Wintrust Secs. Ltd.	15 %
Yorkshire Bank	15 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 13%, 1-month 13.25%. Short-term £8,000/12 months 15.60%.
† 7-day deposits on sums of £10,000 and under 13%, up to £50,000 13½% and over £50,000 14%.
‡ Call deposits £1,000 and over 13%.
§ Demand deposits 13%.
‖ 21-day deposits over £1,000 14%.
¶ Mortgage base rate.

LONDON TRADED OPTIONS

Nov. 12 Total Contracts 1441. Calls 1211. Puts 230.

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	312p
BP (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
BP (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
BP (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
BP (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
BP (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
BP (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
BP (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
BP (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
CU (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	134p
CU (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Cons. Gld (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gld (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Court'lds (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Court'lds (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
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C=Call P=Put

MINING NEWS

he enigma [of] Ashton [m]arketing

[SOM]ETIME NEXT year the [joint] venture partners in the [intri]guing Ashton diamond pro[spect] in Western Australia are [due] to take a decision on the [full]-scale commercial plant [whic]h will lead to full produc[tion] of diamonds from 1985.

[An]d the big talking point in [the] meantime concerns how the [oper]ation's projected huge out[put] of some 22m carats per year [will] be marketed.

[No] official marketing de[cisio]n has yet been announced, [altho]ugh marketing investiga[tion]s have been carried out by [the] consortium leader, CRA, [and] these have included talks [with] representatives of De [Beer]s.

[Some] Australian political [quar]ters, at least, there have [been] objections to Ashton's out[put] being handled by a non-[Aust]ralian company and, [espe]cially, by the South [Afri]can De Beers' Central Sell[ing] Organisation which fixes [pric]es for and markets over 80 [per] cent of world rough (uncut) [diam]ond production.

[Th]e latest development [com]es with a report in Perth's [Dail]y News, confirmed by "in[form]ed sources," that the West[ern Aus]tralian Government has [nego]tiated a 22.5 per cent tax [for] Kimberley Diamond Mines, [the] operator of the prospect on [beh]alf of the joint venture [part]ners.

[M]ore importantly, perhaps, the [repo]rt also claims that agree[men]t has been reached for the [diam]onds to be marketed from [Wes]tern Australia and not [thro]ugh De Beers. No confirma[tion] of the report was available [in L]ondon yesterday.

Mt. Thorley to get under way

BY KENNETH MARSTON, MINING EDITOR

THE long-delayed start of construction of the Mount Thorley open-cast coal mine, near Sydney in the Hunter Valley of New South Wales, is now expected at the end of this year, according to reports from Seoul.

It is a joint venture between Australia's R. W. Miller (a subsidiary of Howard Smith) with 80 per cent and South Korea's Pohang Iron and Steel (Posco) with 20 per cent. The original agreement between the partners was reached in 1978 and the mine was due to open in early 1979.

At that time the coal reserves were estimated at 100m tonnes of soft coking coal and steaming coal while the cost of the mine was expected to be around A$30m (equivalent to £18.2m at current exchange rates).

Since then the size of the coal deposit has been upgraded to 199.5m tonnes and the likely cost of the mine will also have escalated. It is now stated that the joint venture plans to produce 3m tonnes of soft coal a year from 1985.

The agreement also provides for the delivery to Posco of 500,000 tonnes of coal annually from 1985 and an as yet undecided quantity to the State-run Korea Electric Company.

The latest news comes on the heels of a warning by Mr R. J. Burge, executive manager of Broken Hill Proprietary's minerals division, that Australian coal developers should be careful "not to invest for surplus capacity as the iron ore miners have done before them."

However, he added that Australia's coking coal producers were not at present suffering from excess capacity. He pointed out that while coking coal, like iron ore, is affected by steel demand trends, it is in a stronger position because of its role as an alternative energy source to oil.

ROUND UP

The Canadian energy and mining group Norcen Energy Resources, an associate of the Argus Corporation group of Toronto, has paid about C$34.5m (£15.3m) for an 8.8 per cent stake in Hanna Mining of the U.S., and said it may increase this holding. Among Hanna's interests is a 27 per cent stake in Iron Ore Company of Canada, the country's biggest iron ore producer.

* * *

Mr N. H. Marshall, chairman of United Tin Areas, told the recent annual meeting that the directors were looking for a new business to inject into the company. This would enable United Tin to apply for a re-listing on the stock exchange. The shares have been suspended since January 29.

United Tin's Nigerian tin-producing subsidiary has been liquidated, and the sole source of income is now interest on bank deposits.

Bigger loss at Marinduque

[HIG]HER OPERATING costs gave [rise] to a sharp increase in the [net] loss of Marinduque Mining [and] Industrial of the Philippines [for] the first nine months of the [yea]r.

[M]arinduque, which operates [the] biggest nickel refinery in [the] Philippines in addition to a [copp]er mine and a cement business, recorded a net loss of US$71.68m (£38m), compared with a loss of $12.52m for the corresponding period of 1980. The loss per share was 76 cents, against 13 cents last time.

Mr Jesus Cabarrus, president, said the bigger loss resulted principally from increased operating costs at the company's nickel refinery.

He said the higher costs included increases in the price of fuel oil, higher interest charges, losses incurred in connection with the sale of cobalt cathodes and lower prices during the period for nickel and copper.

Low metal prices contributed to a fall in the value of Marinduque's sales to US$156.3m from $236.3m.

RESULTS AND ACCOUNTS IN BRIEF

[B]ARLOWS (packer and warehouse[man])—Pre-tax profits for half year to [June] 30, 1981, £21,780 (£14,423): turn[ove]r £296,933 (£309,777), tax £8,185 [(£...]274). In accordance with previous [prac]tice directors intend to wait for the [yea]r's results before proposing any [divi]dend—last year's payment was 4p.

[MU]LTIFUND—Gross revenue half year ended Sept 30, 1981, £204,731 (£236,917). After tax £52,513 (£62,345) net revenue £116,435 (£143,122). Earnings per income share 2.35p (2.89p) and capital share 0.12p (0.14p). Interim dividend on income shares, already declared, £120,000 (same) and capital shares £4,000 (same). At Sept 30 total assets £9.06m (£9.78m at March 31) equal to 51.5p (51.6p) per income share and 206p (228.4p) per capital share.

BRYANT HOLDINGS (property investment, development and construction)—Results for year ended May 31 1981 and prospects reported October 20. Shareholders' funds £39.19m (£24.53m): net current assets £20.64m (£20.22m): investment properties at valuation £14.39m (£7.75m): decrease in working capital £4.29m (£4.92m increase): increase in liquid assets £6.95m (£137,000 decrease). Meeting: Solihull, December 8, 3.30 pm.

UK COMPANY NEWS

Aquascutum first half headway

BY achieving a small improvement in margins on turnover of £11.56m against £11.4m, Aquascutum Group, the clothing manufacturer and distributors, pushed pre-tax profits ahead from £342,000 to £394,000 in the half-year to July 31 1981.

Tax for the period took £183,000 (£163,000), leaving net profits at £211,000 (£179,000), and the net interim dividend is held at 0.75p per 5p share. Last year's total payment was 2.05p from profits of £921,000.

Decrease at Anglo Indonesian

Reduced profits are reported by tea and rubber estate holding company, Anglo-Indonesian Corporation, for the half year to June 30 1981. The taxable figure fell from £277,000 to £133,000 on higher turnover of £1.9m, compared with £1.68m previously.

There is little prospect for improvement in the company's trading performance for the second half, but the directors remain confident that there are good prospects in the long term. In the meantime the cash position "continues to be satisfactory."

Tax for the half year was lower at £77,000, against £83,000. After an extraordinary debit of £67,000 (credit £764,000) and minorities, there was an attributable loss of £45,000, compared with a profit last time of £907,000.

Sungei Bahru slides to £122,000

Pre-tax profits of Sungei Bahru Rubber Estates fell from £214,933 to £122,180 in the year to June 30 1980.

Turnover declined from £857,053 to £798,055. Profits included investment income of £49,038 (£41,963) but were after replanting and replacement costs of £108,426 (£80,317).

Tax absorbed £37,228 (£130,476), for net profits of £84,952 (£84,457) and earnings per 10p share of 3.28p (3.26p). The dividend total is held at 2.85p with a final payment of 1.6p net.

Allied London brings Gough back in black

An advance in profitability has been achieved as expected by Allied London Properties in the year in which it acquired housing estate developer Gough Cooper, taking the group from £1.43m to £1.66m at the pre-tax level.

The new subsidiary is again operating profitably and bank borrowings have been considerably reduced, the directors say.

With a final dividend of 1.1p net per 10p share for the year to June 30 1981 against 0.96p scrip adjusted—the total rises to 1.35p, compared with an effective 1.19p.

Earnings per 10p share are given as 7.34p (6.26p) before tax, and net asset value 167p (113p). A valuation of investment properties at £50m produces a £7m surplus over book value.

The incorporation of Gough's £8.88m turnover took the figure for the group up from £7.38m to £15.44m. Tax took £501,360 (£667,953).

Burmah sets up investment division

Burmah is setting up an investment division from January 1 1982, which will be made up of the following subsidiaries: Burmah Engineering Services; Flexibox; Kerry Ultrasonics; Rawlplug; and Tabbert Wohnwagenwerke GmbH, with other trade investments.

The structure will give the companies increased autonomy, while keeping the advantages of being part of a major group. The announcement continues the reorganisation of Burmah's industrial interests, following the establishment of a speciality chemicals division in July this year.

Times Veneer cuts losses

Although difficult trading conditions continue to affect "The Times" Veneer Company, first-half losses of this manufacturer and merchant of timber, veneers and processed wood products have been reduced as a result of steps taken to rationalise the manufacturing division.

For the first half of 1981, pre-tax losses were cut to £42,842, compared with £127,524 last time, on sales down from £2.56m to £2.43m.

There was no tax credit this time (£66,000) and stated loss per 5p share was 0.61p (0.87p). No interim dividend is again declared—the last payment was a final of 0.3p net for 1979.

The company has closed its Tipton factory to concentrate manufacuring activities in London and the terminal losses relating to this closure will be written off in the year's accounts as an extraordinary item.

Valor at £0.7m and lifts interim

A 30 PER CENT advance in first-half taxable profits and a 10 per cent boost to the interim dividend have been announced by the Valor Company, the independent manufacturer of heating and cooking appliances whose main factories are being kept busy during a period which is seen as otherwise cheerless for the British domestic appliance industry.

The pre-tax surplus for the 27 weeks to October 2 1981 rose to £697,802, against £524,013 for the comparable 26-week period in 1980. Mr Michael Montague, the chairman, expects to maintain the improvement.

"Our assessment of the second half regards the worst of the domestic and international economic scene as possibly being behind us," he says.

Underlining this confidence, the interim payment to shareholders is raised from 0.772p to 0.849p net per 25p share. For the year to March 31 a total of 2.663p was distributed from pre-tax profits of £1.52m.

Earnings per share this time are given as 3.58p (2.88p) fully diluted or 3.77p (2.96p) basic.

Mr Montague attributes the success to a strong cash position, the excellence of Valor's appliance ranges and the diversity of activities.

Although stockists have been reluctant to carry their customary pre-season lines right up to the close, in the last six weeks the company noticed an encouraging demand from the larger customers. Turnover for the period moved ahead from £20.09m to £26.03m, last year's total having been £48.75m.

The company has re-entered the market for electric fires with a new range for this winter—its first for more than a decade. These are reported to have been particularly well received by mail order houses.

Diversification has also brought the "pleasing success" of its venture into oil and gas exploration, which is being achieved on two fronts and at low financial exposure.

In Ohio the full extent of reserves, flow rates and revenue from gas-condensate discoveries is expected to be established by the end of the year. Valor should then be able to gauge more accurately the significance of the income which will be attributable to it.

In the English Channel the partnership with Union Oil on block 98/18—nearby Wytch Farm—is well under way with seismic work completed and drilling scheduled for next summer. The company's interests are 10 per cent direct and a further 1 per cent through its holding in Lennox Oil.

This consortium was one of the recipients of the seventh round exploration licences granted by the Government.

Overseas taxation, the only tax charge for the period, took £193,379 (£118,161), leaving the attributable balance at £504,423, up from £405,852. Ordinary dividends absorbed £103,122 (£93,746) and preference dividends £46,860 (£46,933).

In a letter to holders of 250 or fewer shares of either type, the company is offering to buy out the holdings at a middle market price on the date of sale. The offer is open until November 30 after which Valor intends to place the shares.

Mr Montague gives additional credit for the improved profitability to hard work and co-operation at all levels. Its main production centres are at Birmingham and Liverpool.

● comment

Valor is recovering. On a sales increase of 13 per cent profits in the half year are up a third, though they are still more than £200,000 short of the half yearly peak. Last year's staffing cutback—400 employees were chopped off the payroll at a cost of £½m above the line—is having a clear impact on profitability while a £30,000 to £40,000 saving on the half-year interest bill helps. But the UK is still lagging behind. For the first time ever overseas profits have risen above the domestic figure. South Africa, Malta and the U.S. all report good trading levels. Back home heating and cooker appliance sales are facing weak demand but Valor estimates that it has picked up some market share. Meantime motor components is back to break even (thanks to overhead cutbacks) against a loss but drop forging remains unexciting. Valor believes the interim has set the pattern for the year and so a full-year profit of £2m pre-tax could be in sight with an overall dividend rise of a 10th. So at 54p, following yesterday's 6p rise, the p/e, fully taxed, is around 7.3 and the yield 8 per cent.

Common Brothers omits final

FOR THE year ended June 30 1981 Common Brothers, whose interests cover ship owning, ship broking and management, marine consultancy and insurance broking, dived from a trading profit of £1.52m to a loss of £2.64m.

However, reflecting the inclusion of a surplus of £3.39m (£28,000 deficit) on the sale of ships, the group emerged with a pre-tax profit of £629,000, albeit lower than the previous year's adjusted £1.8m. At the eight-month stage, a loss before tax of £290,000 (£650,000 profit) was reported.

The final dividend is being omitted (9p last time) leaving the interim of 5p net per share to compare with the previous year's total of 14p. In July, shareholders were advised that future dividends would be related to the group's trading results, its future prospects and cash requirements.

Explaining the decision not to pay a final, the directors say they have had regard not only to the 1980-81 results, but also to a slow start on the drillship the "IRO Frigg." Above all, however, they were conscious that a very short time had elapsed since the company embarked on a fresh chapter in its development and that resources should be conserved for future expansion.

The "IRO Frigg" is drilling in its location off the Ivory Coast under its contract with Phillips Petroleum. Some technical problems were experienced with the drilling equipment which have caused a loss of charter revenue and resulted in greater start-up costs than expected.

The charter period has, however, been extended to October 1983 at the same rates to take account of these delays.

New shipping projects have been commenced and others are presently being negotiated.

The year's pre-tax result was struck after charging net interest of £339,000 (£691,000 receivable). But in addition to the sale of ships surplus, profits included associates' contributions of £54,000 (£20,000) and exchange gains of £162,000 (£404,000 losses).

Tax charge was down from £1.28m to £356,000 and after minorities of £8,000 last year, attributable profits came through at £273,000, against £513,000. Earnings per 50p share dropped from 17.04p to 9.07p.

After dividends costing £150,000 (£421,000) an amount of £123,000 (£92,000) was transferred to reserves.

KING & SHAXSON

The directors of King and Shaxson bank describe profits for the six months to October 31 1981 as "very satisfactory."

Midway drop by Oil and Associated

With gross income lower at £389,353, compared with £429,785, after-tax revenue of Oil and Associated Investment Trust fell from £246,809 to £215,720 for the six months to September 30, 1981.

The interim dividend, however, is maintained at 1.05p net per 25p share, costing £104,996 (same)—the previous total payment was 3.5p.

Franked investment income totalled £257,415 (£300,035) while unfranked income was £131,940 (£129,750).

Interest took £9,913 (£13,115) and management expenses amounted to £[illegible] (£39,457). Tax charge was down from £139,404 to £116,366.

At September 30, net asset value was around 85p per share.

INTERNATIONAL COMPANIES and FINANCE

'INDEPENDENCE' PROPOSAL TO FTC

Mobil move to speed Marathon bid

BY PAUL BETTS IN NEW YORK

MOBIL is attempting to maintain the momentum in its efforts to take over Marathon Oil by proposing to the U.S. anti-trust authorities that they let it go ahead with the acquisition before they complete their review of the proposed merger.

In a novel move to speed up the anti-trust review process, Mobil is understood to have told the Federal Trade Commission that it would keep Marathon independent for 180 days while the FTC investigates the merger. In this way, Mobil would be able to acquire Marathon but then delay merging the two companies until all anti-trust problems are sorted out.

Mobil has offered $85 a share for two-thirds of Marathon Oil's shares in a deal worth $3.4bn. Mobil then plans to acquire the remaining shares through an exchange of shares or securities giving the deal at the current offering price a total value of more than $5bn.

But Marathon continued to oppose Mobil's hostile advances this week. Marathon is currently seeking to block Mobil's bid on legal grounds, but Mobil so far appears to have a small edge in the legal battle.

On Tuesday, a Federal Judge lifted a temporary restraining order preventing Mobil from going ahead with its tender offer. He said, however, the giant oil company was still barred from buying any shares tendered until the Court rules on Marathon's application for a preliminary injunction against the bid on anti-trust grounds.

But this is largely academic, as Mobil is in any case barred from buying any shares until the traditional 30-day waiting period under the so-called Hart-Scott-Rodino Act expires. This waiting period expires on Saturday unless the FTC requests additional information from Mobil.

Although Marathon has been gathering increasing political support to help it block Mobil's takeover bid, the company is planning other defences in the event that it fails to stop Mobil on legal grounds.

It has already drawn down a $5bn credit line negotiated earlier this year and it is understood to be searching actively for a possible "white knight." The company, the country's 17th largest oil group, has also indicated that it is considering making a tender offer for its own shares in a further ploy to stop Mobil.

Sweden to raise sterling Eurocredit

By Peter Montagnon, Euromarkets Correspondent

SWEDEN is raising a £150m 10-year syndicated credit through National Westminster Bank. The operation is understood to be the first sterling-denominated syndicated loan for a sovereign borrower since exchange controls were abolished in 1979.

The terms involve margins that are fairly standard by Swedish standards. Sweden will pay ⅜ per cent over sterling Libor for the first five years and ½ per cent thereafter. Repayments begin after five years.

The credit bears a multi-currency option which means that the borrower can draw the funds in several different currencies, but the fact that it is denominated in sterling implies that it intends to use the funds in that currency.

Already this year Sweden has pioneered new borrowing techniques in the Eurocredit market being the first country to raise a major credit denominated in special drawing rights, the currency basket of the IMF. With Chase Manhattan it also introduced more flexible techniques for borrowings related to the U.S. prime rate.

Tapping the Eurocredit market in sterling brings a new dimension to international capital market operations in British currency.

Over the past two years, the Bank of England has steadily opened up the market for such operations, first through a relaxation of the restrictions on sterling floating rate notes, then through the creation of the so-called bull-dog bond market, and most recently through the encouragement of foreign borrowing in the sterling bankers' acceptance market.

The bank is now understood to feel that having admitted the principle of capital market operations in sterling, it is up to the market itself to choose the form they should take.

Honeywell opens talks with French on Cii takeover

BY TERRY DODSWORTH IN PARIS

THE FIRST exploratory top-level talks between the French Government and one of the big three foreign companies with interests due to be nationalised started in Paris yesterday with the visit of Mr E. M. Spencer, chairman of Honeywell, the U.S. computer group.

Mr Spencer has seen a number of top officials during his visit, along with M Pierre Dreyfus, the Industry Minister. His visit was planned a few weeks ago with the aim of giving both sides the opportunity to make their views clear about the French Govenment's proposals to nationalise Cii-Honeywell Bull, the computer company in which Honeywell Information Systems (HIS) has a 47 per cent stake.

Mr Spencer said in a recent shareholders' letter that Honeywell would do everything necessary to protect its shareholders' interests in the negotiations.

On the French side, the Government has made it clear that Honeywell can retain links of some sort with Cii if it wants to. In a recent interview, M Jean-Pierre Chevenement, the Minister of Research and Technology, indicated that these arrangements might mean maintaining th present shareholding structure, or coming to a technical agreement of some time.

If Honeywell decides to opt out, however, it will be able to collect between $230m and $270m according to the terms of the original agreement which had a safeguard clause in the event of nationalisation.

The other two foreign companies to be affected by the nationalisation plan, International Telephone and Telegraph of the U.S. and Hoechst of West Germany, have not begun detailed talks with the French Government. Hoechst has let it be known that it is deeply opposed to the state takeover of its 58 per cent stake in Roussel-Uclaf, the French pharmaceuticals group.

U.S. recession hits Genstar returns

By Robert Gibbens in Montreal

GENSTAR, the Vancouver-based real estate development financial services and construction group, earned C$73.2m (US$62m) or C$1.90 a share in the first nine months, against C$97.2m or C$3.01 a share in the corresponding period last year.

Revenues were C$1.6bn against C$1.5bn. The company recently took control of Canada Permanent Mortgage, a major Toronto-based financial services institution. The largest single holder in the Genstar group is the Societe Generale de Belgique of Brussels with 16 per cent of the voting shares.

The company attributes lower results to the North American recession, which adversely affected the real estate and construction subsidiaries.

Operations in Western Canada held up but building supplies and real estate operations in the Western U.S. showed losses in the third quarter.

Poor conditions are expected to affect results for some months, despite declining short-term interest rates.

However, in the fourth quarter several important real estate transactions will be completed and results for this period will lift earnings for fiscal 1981 to a level exceeded only by 1979 and 1980.

In fiscal 1980, Genstar's earnings increased from US$106m to $129m or $3.69 a share. The directors have previously warned of lower earnings in the second half of this year, reflecting the setback in North American land and real estate industries which are the source of nearly half Genstar's earnings.

Becton Dickinson shows growth

BY OUR FINANCIAL STAFF

AN IMPROVEMENT in profit margins during the final quarter of fiscal 1981 enabled Becton Dickinson, the New Jersey-based medical and hospital supply group to meet Wall Street's forecasts for the year.

Net earnings maintained growth in the final three months of the fiscal year to produce a 17 per cent gain to $75.9m or $3.61 for 1981. This was despite a slight slowdown in sales which gained only 13 per cent to $1.06bn.

Wall Street has forecast an improvement in earnings in the current year to around the $4.15 a share level but the company had nothing to say on this point

Mr Wesley J. Howe, chairman and chief executive, said this week that because the company has almost completed a programme of costly reorganisational changes and intensive capital spending, he sees annual sales and earnings growth accelerating in the second half of 1982 and moving towards a 20 per cent rate in 1983.

Becton spent about $150m for capital expenditures this past year, up from $98m in 1980, and the company expects to spend at least another $150m in the current year.

The largest bulk of the expenditures went towards building costs of a number of plants overseas for the manufacture of the company's medical supplies products. These products are used largely in hospitals and doctors' surgeries.

Foreign businesses which now account for about 30 per cent of group revenue, continued the trend of the past few years of growing at a rate faster than domestic operations. Mr Howe predicted that foreign revenue could account for 40 per cent of total sales "in the foreseeable future" and could reach as much as 50 per cent "down the line."

Home loans sector keeps H. F. Ahmanson in the red

BY OUR FINANCIAL STAFF

DISAPPOINTING third quarter results are reported by H. F. Ahmanson, a leading diversified financial services company which owns Home Savings and Loan Association, the largest association in the U.S. Net profit for the period was $5.29m, or 22 cents a share, compared with $10.03m for the same period of 1980. But the latest profit includes an after-tax gain of $34.1m from the sale of real estate investment properties and the company's head office building.

At the nine-month stage there is a net loss of $7.59m, or 32 cents a share, compared with a profit of $35.4m, or $1.54 a share.

Nine-month revenues totalled $1.17bn, against $1bn in 1980, and included third quarter returns of $425.7m against $340.9m previously.

The directors state that earnings of the Home Savings and Loan unit fell from $8.1m to $1.2m in the third quarter due to the high cost of money and reduced lending activity. For the nine months, Home Savings incurred a loss of $14.6m compared with a profit of $31.4m in 1980.

Home's new loans in the quarter tumbled from $642m a year ago to $86m and for the nine months from $1.18bn to $333bn.

Property and casualty earnings for the quarter improved from $1.3m in 1980 to $1.9m and for the nine months from $1.8m to $3.5m.

Life insurance operations also fared better with earnings here rising from $1.1m to $2.4m for the latest three months and from $3.5m to $4.7m for the nine months.

MGM Hotels defers plans for project

By Our Financial Staff

MGM GRAND HOTELS is postponing its plans to build a hotel/casino in Atlantic City, New Jersey, because of "the present economic and regulatory climate" there, disclosed Mr Fred Benninger, chairman and chief executive officer, in Las Vegas yesterday.

His announcement coincided with the news that earnings at the hotels group, which has been badly affected by the destruction by fire of its Las Vegas hotel casino a year ago, slipped 14 per cent to $29m or 89 cents for fiscal 1981—much in line with expectations. Revenues of $232.6m compared with $307.1m in the previous year but a substantial part of the 1981 total—$62.8m—came from insurance on the business interruption caused by the fire.

HK banks may be freed from some interest curbs

BY KEVIN RAFFERTY IN HONG KONG

THE HONG KONG financial authorities are considering freeing banks from some of the restrictions on interest rates, at least for large sums. The move would bring about direct competition between the banks and the new category of licensed deposit taking companies.

For this reason any such plan would be fiercely contested by the newly formed association linking all deposit taking companies. The modified scheme which the Hong Kong officials are considering would allow the banks to offer to pay any interest rate on deposits of HK$ 500,000 (S88,100) or more and of up to three months maturity.

But this, too, would be contested because the long-term money market is hardly developed in Hong Kong. Most money is lent for up to three months with very little beyond six months.

The interest rate agreement between the authorities and the banks binds all banks on the interest they can pay on sums deposited for up to 18 months. On sums of longer maturity there are no restrictions. The authorities have recently gone to great pains to strengthen the agreement by passing new legislation formbidding the rapidly growing deposit taking companies from takin gshort-term deposits.

There are now almost 350 deposit taking companies—ranging from merchant banks through hire purchase companies to one room operations which are little more than pawnbrokers. Some of the companies were formed by banks specifically to circumvent the interest rate agreement.

Government officials held the deposit taking companies as greatly responsible for the huge growth in credit, while banks accused the companies of siphoning off their traditional source of funds.

FTC approves Lafarge U.S. cement bid

By David White in Paris

THE U.S. Federal Trade Commission has authorised the $329m takeover of General Portland, the U.S. cement producer, by Canada Cement Lafarge, the 54 per cent owned offshoot of Lafarge Coppee of France.

The go-ahead from the FTC removes the final obstacle to the deal which will make Lafarge, through Canada Cement Lafarge, the biggest cement producer in North America.

Lafarge said in Paris yesterday that 4.7m shares, representing two thirds of the total capital of General Portland, have already been tendered under the $47 a share offer, which expires on Monday.

The U.S. company controls about 7 per cent of the U.S. market and its acquisition will double the Canadian group's North American capacity to around 13m tons.

Further gains in Eurobond markets

By Alan Friedman

THE EUROBOND markets moved forward again yesterday with a one point average rise in the Eurodollar sector and a ½ point increase in both the D-mark and the Swiss franc foreign bond markets.

Eurodollar prices were already up ½ point in the morning, but the news that long Treasury bonds opened at 105 bid in, against Monday night's close of 103¾ bid, led European traders to mark up prices.

Traders reported substantial buying from the Continent, especially from Switzerland. The cutting of the U.S. prime rate and the fall in six month Eurocurrency rates stimulated further investor interest and one dealer commented: "We are in a major rally now."

In the D-mark foreign bond sector, a lunchtime "wave of buying" was reported in Frankfurt, a phenomenon which was also seen in the domestic-bond sector. The DM 100m 10-year Venezuela issue through Westdeutsche Ländesbank was priced at par.

Two Japanese convertibles were launched in the Swiss franc sectors. A SwFr 20m five-year issue was launched through Credit Suisse for Kitz Corporation, a valve maker, while a SwFr 20m five-year, four-month issue was led by Swiss Banking Corporation for S. and B. Shokuhin. Both issues carry a 6½ per cent coupon.

A SwFr 50m issue for Vetica, a Spanish construction group, was launched by Union Bank of Switzerland. The bonds carry an indicated yield of 8½ per cent and mature in nine years.

Korean share investment trust launched

By Duncan Campbell-Smith

THE FIRST opportunity for non-residents to invest in the South Korean stock market was finally launched in London yesterday. An international group of 10 investment banks, led by Credit Suisse First Boston (CSFB) and Yamaichi Securities, subscribed $15m to the Korea International Trust on behalf of investors from Europe, the U.S. and Japan.

Holdings in the trust will be represented by international depositary receipts (IDRs) which will be posted to investors on November 19. Subsequent trades will be handled through Euroclear and one of the managers, Vickers da Costa, will maintain a best efforts secondary market.

The trust has taken 18 months to prepare, with CSFB and Vickers da Costa working in close touch from the outset with the Korean Ministry of Finance.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Monday November 16. Closing prices on November

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16½ 88	100	103¼	103⅞	−0½	+2½	15.66
APS Fin. Co. 17¼ 86 ...	60	106⅛	106⅞	+0½	+2½	15.22
Br. Colum. Hyd. 16¼ 88	100	103⅞	104⅜	+1½	+2⅞	15.24
Br. Colum. Mfa. 17 97	54	105	105½	+0½	+2	16.06
Caterpillar Fin. 16½ 86	100	104⅛	104⅝	+0⅛	+0⅞	15.14
CIBC 15¼ 86	75	101½	101⅞	+0⅜	+3	14.71
CIBC 16¾ 91	100	104⅛	104⅝	+0⅞	+3	15.81
Citicorp Int. Fin. 15 86	150	101½	102	+1½	+3½	14.40
Citicorp O/S 15½ 84 ...	175	103⅞	104⅜	+0½	+2	13.52
Citicorp O/S 16⅜ 86 ...	150	104⅞	105⅜	+0⅞	+3⅛	15.17
Cities Service 17 88 ...	150	107	107½	+0½	+2½	15.19
Con. Illinois 14¾ 84 ...	100	99⅛	99⅝	+0⅛	+1⅞	14.97
Cons.-Bathurst 17½ 88	60	102⅞	103⅜	+0⅞	+0⅞	16.74
CPC Fin. 16⅞ 86	50	107⅛	107⅝	+0⅞	+2⅞	14.45
EEC 14¼ 93	65	96⅛	96⅝	+1¼	+3½	15.29
EIB 16½ 88	100	102⅞	103⅜	+0⅞	+2⅞	15.68
EIB 16⅝ 91	100	104½	105	+2	+3⅞	15.77
Ford Cr. O/S Fin. 16 85	150	98⅞	99	0	+1⅛	16.32
GMAC O/S Fin. 14⅞ 87	100	93⅛	98⅛	+0⅞	+3⅛	15.73
GMAC O/S Fin. 16⅞ 86	300	102⅛	103	+0⅞	+1⅛	15.27
Gulf States O/S 17½ 88	60	107⅞	108⅛	+0⅞	+3⅞	15.53
Hiram Walker 16 86 ...	50	101½	102⅛	+0⅛	0	15.31
IBM Wld. Trade 14¾ 84	100	103	103½	+0½	+1⅛	13.09
IBM Wld. Trade 14⅝ 85	100	103⅞	104⅜	+0½	+2⅛	13.20
Nat. Bk. Canada 16½ 88	40	101⅛	101⅝	+0½	+1⅞	16.87
New Brunswick 17 88 ...	60	107⅞	108⅛	+1½	+3⅞	15.06
Newfoundland 17¼ 89 ...	60	108	108½	+1⅞	+4⅞	15.35
Nova Scotia 15 91	75	97⅛	97⅝	+1⅞	+2⅞	15.49
Ohio Edison Fin. 17½ 88	75	105½	106	+0⅛	+2	16.04
Pacific Gas Elec. 16 88	75	102½	103	−0⅛	+1½	15.26
PSNH Int. Fin. 17 88 ...	30	†103	103½	+0⅜	+1	15.90
Quebec Hydro. 17½ 91 ...	150	107⅛	107⅝	+1	+3	15.69
Shell Canada 15¾ 91 ...	100	103⅞	104⅜	+1⅛	+4	14.90
South California 14¾ 88	50	99⅞	100⅜	+1⅛	+3⅞	14.69
Swed. Ex. Cred. 15⅛ 86	50	101½	102	+1⅛	+4⅛	15.10
Tenneco Int. 17 89 ...	100	105⅞	106⅜	+0⅞	+1½	15.57
Transcanada 17¼ 88 ...	75	108	108½	+2	+3	15.66
Walt Disney 15¾ 86 ...	100	103½	104	+0⅞	+2⅛	14.56
Wells Fargo Int. 15½ 84	50	103⅜	104⅛	+0⅞	+1⅞	[illegible]
Winnipeg 17 86 ...	50	106⅞	107⅜	+0⅞	+2⅞	14.91
World Bank 14¾ 86 ...	500	99⅛	99⅝	+0⅞	+2½	14.77
World Bank 16 86 ...	210	102⅞	103⅛	+0½	+1⅞	14.97
World Bank 16 88 ...	80	102½	103	+0½	+2½	15.22
World Bank 16⅝ 86 ...	130	104⅞	105⅛	+0⅞	+2⅞	14.99
World Bank 16½ 88 ...	100	104⅞	105½	+0⅞	+3½	15.28
Average price changes... On day +0¾ on week +2½						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	98½	99⅛	+0½	+0⅛	10.24
Asian Dev. Bk. 10¾ 89	100	101½	102	+0½	+0½	10.43
Austria, Rep. of 8⅜ 92	150	89⅛	90⅛	−0¼	+0½	9.78
Belgelectric 11 91	100	101½	102⅛	+0⅜	+0⅜	10.65
CECA 10 91	120	100⅞	101⅜	+0⅜	−0⅞	9.77
Council of Europe 10 91	100	99⅜	99⅞	+0½	+0⅜	10.19
Cncl. of Europe 10⅛ 91	100	99⅞	100⅞	+0½	+0⅞	10.20
EIB 8½ 90	200	90⅛	91⅛	+0⅛	+1⅛	10.12
EIB 10½ 91	200	101⅞	101⅞	0	−0⅛	10.22
ESCOM 9¾ 87	100	93⅛	94⅛	−0⅛	−0⅛	10.69
Finland, Rep. of 10 89	100	97½	98⅛	+0⅛	+0⅛	10.40
Ind. Bk. Finland 8½ 90	50	90⅛	91⅛	0	+0⅛	10.11
Int.-Am. Dv. Bk. 10 91	100	98⅞	99⅞	+0⅛	−0⅛	10.13
Japan Air Lines 8⅜ 87	100	93⅛	94⅛	−0⅛	+0⅛	9.45
Japan Dev. Bk. 7⅞ 87	100	91⅞	92⅛	0	+0⅛	9.41
Midland Int. Fin. 8½ 90	180	91⅛	92⅛	0	0	9.89
Mt. Bk Dnmk. 10½ 91	100	99⅞	100⅛	+0½	+1	10.50
Nat. West. 11 91	125	103⅞	104⅛	+0⅛	+0½	10.33
OKB 10¾ 91	150	100	100½	+0½	+1½	10.08
Renault Accept. 10¾ 86	150	100⅛	100⅞	+0⅛	+1⅛	10.61
Swed. Ex. Cred. 10⅛ 91	100	99⅞	100⅜	+0⅞	+1	10.27
Venezuela, R. of 9⅞ 90	150	93⅞	94⅜	+0⅛	+0⅛	10.87
World Bank 11 91	100	102⅞	103⅜	+0½	+0⅛	10.44
Average price changes.. On day +0¾ on week +0½						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91 ...	60	†93½	94	0	+0⅞	7.44
BFCE 6½ 91	100	†91½	92	+0⅛	+0⅛	7.77
Bayer Int. Fin. 5¾ 92...	100	90⅛	90⅜	+0⅛	+1⅛	6.50
Belgelectric Fin. 7¾ 91	100	101½	101⅞	+0⅛	+0⅛	7.54
Bergen, City of 6⅞ 91...	40	99⅛	99⅞	0	+0½	6.85
CECA 6⅞ 91	80	95	95⅛	+0⅛	+1⅛	7.48
Dome Petroleum 5⅞ 91	100	89⅞	90	+0⅞	+0⅞	7.29
Dome Petroleum 7⅛ 90	100	101½	101⅞	0	−0⅞	6.99
Elet de France 5⅛ 90	100	†86	86½	0	+0½	7.42
Eurofima 5¼ 92	80	†88	89	0	0	7.31
Finland, Rep. of 5⅞ 90	60	87½	87⅞	+0⅛	0	7.60
Franc Petroles 6⅞ 91...	80	†93	93½	+0⅛	+0½	7.52
Genstar 7 91	100	100½	100⅞	+0⅛	+0⅜	6.90
Int. Amer. Dv. Bk. 7 91	100	97	97⅛	0	+0⅛	7.43
I/S Fisam 8⅛ 91	30	103	103½	+0⅛	0	8.03
Japan Dev. Bank 5¾ 90	100	†92½	93½	+0⅛	+0½	6.82
Mt. Blanc Tunnel 5½ 90	60	86	86½	0	0	7.70
Nader. Gasunie 8 91 ...	100	104	104⅛	0	−0⅛	7.40
OKB 7 93	100	97½	97⅞	+0⅛	+0½	7.29
Oslo, City of 8 91	100	†103⅛	104	0	−0½	7.44
Swed. Ex. Credit 7⅛ 91	75	96⅞	96⅞	+0⅛	+1⅛	7.82
Trade Dev. Fin. 6⅞ 90	50	†89	89½	−0⅛	−0⅞	7.85
Voest-Alpine 5⅞ 90 ...	80	88⅛	88⅞	−0⅛	0	7.59
World Bank 6 91	100	90⅛	90⅞	+2	+1½	7.49
World Bank 7 90	100	99⅛	99½	−0⅛	+0⅛	7.09
World Bank 8 91	100	103⅛	103⅞	+0⅞	+0⅛	7.49
Average price changes... On day +0¾ on week +0⅛						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅜ 91...	15	97	98	0	0	8.63
Australia 8½ 88	20	87⅛	88⅛	+2½	+1⅛	8.98
EIB 7⅞ 88	12	93⅞	94⅞	+0⅛	+0⅛	8.77
Finland 6.8 88	10	86⅛	87⅛	0	0	9.53
Finland, Rep. of 8⅞ 87	15	95⅞	96⅞	−0⅛	+0⅛	9.22
New Zealand 8⅞ 87...	15	98⅛	99⅛	+1⅛	+1⅛	8.59
Average price changes... On day +0⅛ on week +0⅛						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CIBC 13½ 85 C$	50	†85	86	+0⅛	+1½	15.15
CIBC 11½ 85 C$	60	†91½	92½	+1⅛	+4	14.39
Federal Dev. 11½ 90 C$	60	†80½	81½	−1	+1½	15.60
Federal Dev. 17⅜ 86 C$	40	†103	104	0	+1	16.65
Fst. Can. Inv. 10 84 C$	50	†89	90	+1½	+2½	15.26
GMAC (Can.) 18 87 C$	60	†104	105	−1	−1	16.70
Tordom Cpn. 13½ 85 C$	30	†97½	98½	0	+0⅛	14.18
M. Bk. Dnmk. 9 91 EUA	25	76	77½	0	−2½	13.33
SOFTE 8⅞ 89 EUA	40	76	76⅞	−0⅛	+0⅛	
U. Bk. Nwy. 9½ 90 EUA	18	80½	81½	+0⅛	−0⅛	
Algemene Bk. 10⅛ 86 Fl	60	95⅛	96⅛	+0½	+0⅛	
Amfas Group 12⅛ 85 Fl	40	98⅛	98⅞	+0⅛	+0⅛	
Amro Bank 12 86 Fl ...	75	100⅛	100⅞	+0⅛	+0⅛	
Amro Bank 12 86 Fl ...	80	99⅞	100⅛	+0⅛	+0⅛	
Heineken NV 10 87 Fl...	100	93⅛	94⅛	+0⅛	+0⅛	
Pierson 10⅛ 86 Fl	50	93⅛	93⅞	+0⅛	+0⅛	
Rabobank 12 86 Fl	50	100	100½	+0⅛	+0⅛	
Air France 14½ 86 FFr..	200	91⅛	92⅛	+0⅛	0	
Bk. America 14½ 86 FFr	250	91⅛	92⅛	−0⅛	−0⅛	
Charb'nages 13⅞ 86 FFr	400	90⅛	91⅛	−0⅛	−0⅛	
EIB 14⅛ 88 FFr	300	86⅛	87⅛	−0⅛	0	
La Redoute 14½ 85 FFr.	125	89⅛	90⅛	+0⅛	−0⅛	
OKB 14 86 FFr	400	91⅛	92⅛	+0⅛	0	
Solvay et C. 14⅛ 86 FFr	200	90⅛	91⅛	0	−0⅛	
Swed. E. Cr. 14⅛ 86 FFr	250	90	91	+0⅛	−0⅛	
U. Mex. Sts. 14 86 FFr	150	90⅞	91⅞	−0⅛	−0⅛	
Acona 14 86 £	20	90	91	0	+1	
Beneficial 14⅛ 90 £......	20	82⅛	82⅞	+0⅛	+2⅛	
BNP 13½ 91 £	15	83⅛	84	0	+0⅛	
CECA 13½ 86 £	20	86⅛	87⅛	+0½	+2⅛	
Citicorp O/S 13½ 90 £...	50	89⅛	90	+0⅛	+3⅛	
Fin. Ex. Cred. 13⅛ 86 £	15	90⅛	91⅛	+0½	+1⅛	
Gen. Elec. Co. 12½ 89 £	50	85⅛	86½	+0⅛	+2⅛	
Hiram Walker 14⅛ 86 £	25	93⅛	94½	+0½	+4	
Privatbanken 14½ 88 £	12	88⅛	89⅛	+0½	+0½	
J. Rothschild 14⅛ 90 £	12	91	91⅛	+0½	+2⅛	
Royal Trustco 14 86 £...	12	93⅛	93⅞	+0½	+3⅛	
Swed. Ex. Cr. 13⅛ 86 £	20	90⅛	91⅛	−0⅛	+1⅛	
Akzo 9⅛ 87 LuxFr	600	85½	86½	0	−0⅛	
Euratom 9⅛ 88 LuxFr...	500	87⅛	88⅛	+0⅛	+0⅛	
Eurofima 10½ 87 LuxFr	500	88⅞	89⅞	+0⅛	−0⅛	
EIB 9⅛ 88 LuxFr	600	84⅛	85⅛	+0⅛	+0⅛	
Volvo 9⅞ 87 LuxFr	500	84⅛	85⅛	+0⅛	+0⅛	

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Bank of Montreal 5¼ 90	0¼	99⅝	100½	18/12	16⅝
Bank of Montreal 5¼ 91	0¼	100	100½	29/4	17.06
Bk. Nova Scotia 5¼ 93	0¼	100	100½	29/4	17.06
BBL Int. 5 86	0¼	99⅝	100⅛	20/11	18.31
BFCE 5¼ 88	0¼	100⅛	100⅝	26/4	16.94
BNP 5½ 88	‡0⅛	100	100½	29/1	16⅛
Christiana Bk 5½ 91 ..	‡0⅛	98⅞	99⅛	5/2	15.56
Co-Ban Eurofin 5½ 91 ..	0¼	98⅞	99⅛	14/4	18.89
Den Norske Credit 6 90	‡0⅛	99⅞	99⅛	6/2	15.58
Genfinance 5¼ 87	0¼	100⅞	101⅛	30/4	17.06
Genfinance 5¼ 92	0¼	99⅞	100⅛	30/12	18.31
Giro und Bank 5¼ 91 ..	0¼	99⅞	100⅛	23/12	17½
GZB 5¼ 92	‡0⅛	98⅞	99⅛	5/12	17⅜
Ind. Bank Japan 5¼ 88	0¼	100⅛	100⅝	9/4	18⅝
Lloyds Eurofin 5¼ 92 ...	§0⅛	98⅞	99⅛	4/12	17.44
Lloyds Eurofin 5¼ 93 ...	§0⅛	100	100½	29/4	17.13
LTCB Japan 5½ 89	0¼	99⅞	100⅛	16/1	18.32
Midland Int. Fin. 5¼ 92	0¼	99⅞	100	5/12	17¼
Midland Int. Fin. 9 91...	0¼	100	100½	30/4	17.06
Nacional Fin. 5½ 88 ...	0¼	98⅞	99⅛	25/3	17.31
Nat. Bk. Canada 5¼ 88	0¼	100⅛	100⅝	24/3	17.31
Nat. West. Fin. 5¼ 91...	§0⅛	99⅞	100⅛	15/1	18⅛
Nat. West. Fin. 5¼ 92...	§0⅛	99⅞	100⅛	23/4	17
Nordic Int. Fin. 5½ 91	0¼	98⅞	99⅛	6/5	15⅛
Pemex 6 91	0¼	98⅞	98⅞	8/4	17
Pemex 5¼ 88	0¼	97⅞	98½	14/2	18.81
Sanwa Int. Fin. 5¼ 88 .	0¼	99⅞	100⅛	24/3	17⅛
Societe Generale 5¼ 91	0¼	99⅞	100⅛	22/1	18⅛
Sparebanken 6 87	0¼	99	99½	19/12	18.81
Sumi. Fin. Asia 5½ 88	0¼	100⅛	101⅛	6/2	19.56
Svenska Hndlsbk. 5 87	0¼	100	100½	15/1	18⅛
Average price changes On day +0⅛ on week +0					

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day
Ajinomoto 5⅛ 96	7/81	933	89½	91	+1⅛
Bow Valley Inv. 8 95 ..	4/81	23.12	98	99½	0
Canon 6⅞ 95	1/81	829	116⅛	118⅛	+2⅛
Daiwa Secs. 5½ 96	12/81	539	†76½	78½	−0⅛
Fujitsu 4½ 96	10/81	6779	100⅞	102⅛	+0⅛
Furukawa Elec. 5½ 96 ..	7/81	300	110½	112⅛	+3⅛
Hanson O/S Fin. 9½ 96	8/81	2.74	†84	85	−3
Hitachi Cred. Cpn. 5 96	7/81	1966	94	95	+2⅛
Inchcape 8 95	2/81	4.55	†81½	83	+3½
Kawasaki 5⅞ 96	9/81	229	81⅛	82⅛	−1⅛
Maru 6 96	7/81	831	99⅛	101⅛	+1⅛
Matsushita El. 7½ 95 ..	11/80	590	85½	87	0
Minolta Camera 5 96 ...	10/81	909	74½	76	+0½
Murata 5½ 96	7/81	2150	85	86½	+1⅛
NKK 6½ 96	7/81	188	93⅛	95⅛	+1⅛
Nippon Chemi-C. 5 91...	10/81	919	84⅛	86⅛	+1⅛
Ricoh 6⅞ 95	8/80	604	121	123	+3½
Sanyo Electric 5 96 ...	10/81	652	82⅛	84⅛	+1⅛
Sumitomo Met. 5⅞ 96...	10/81	306	87⅛	88⅛	−0⅛
Swiss Bk. Cpn. 6⅞ 90	9/80	200	†78½	80½	+1
Taylor Woodrow 8⅞ 90	1/81	4.94	†177	78	+1
Transco Int. 8⅞ 96	2/81	68	182⅛	84	+1
Tricorp 8½ 95	12/80	31.25	174⅛	76	0
Union Bk. Switz. 5 89...	2/80	70.79	180½	86½	+0½
Sharp Cpn. 5½ 88 DM...	9/80	591.8	164⅛	165⅛	+1⅛
Uny Co. 6½ 85 DM......	11/79	579.3	102⅞	103⅞	+0⅛

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Swiss Volksbank decides against domestic bond

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

[SWI]SS VOLKSBANK, which [last] week admitted to losses of [SwF]r 139m in the silver market, [has] decided not to proceed with [a Sw]Fr 100m bond issue on the [dom]estic market.

[Of]ficials said that proceeding [with] the loan was considered [inad]visable in view of publicity [surr]ounding the silver market [loss]es and the resignation on [Mon]day of the bank's chief [exe]cutive, Dr Hans Frey. But [the]y added that no significant [diff]erential had developed in [the] secondary market between existing Swiss Volksbank bonds and those of other banks.

Volksbank, however, is offering better terms on its Kassenobligationen, or non-negotiable medium-term notes, than other Swiss banks. Maturities of three to eight years are now paying a flat rate of 6¾ per cent.

Credit Suisse, by contrast, which has also just increased its rates offers 6½ per cent on periods of three to six years offers only 6¼ per cent on seven and eight year notes.

The other two major banks, Union Bank of Switzerland and Swiss Bank Corporation, which are both forecasting higher profits this year, have stayed with the old structure of 6¾ per cent for three to four year paper, 6½ per cent for five to six and only 6¼ per cent for seven to eight year notes.

The Volksbank officials added that there was now no prospect of their bond issue being brought to the market before the end of the year. A decision has yet to be made about applying for a position in the first quarter 1982 calendar.

SBC forecasts record earnings

BY JOHN WICKS IN ZURICH

[EA]RNINGS OF Swiss Bank [Cor]poration are likely to reach a [rec]ord this year, according to [Dr] Franz Luetolf, the general [ma]nager, with the Basle-based [ban]k hoping for and expecting [a s]light improvement in profits [for] 1981.

[I]n July, SBC—Switzerland's [seco]nd largest bank—had fore[cas]t that results would be at [abo]ut the same level this year [as] the SwFr 226.6m ($107.1m) [boo]ked for 1980. The third [qua]rter, however, is said to have [tur]ned out "considerably [bet]ter" than expected and [sati]sfactory business is also [exp]ected in the current final [qua]rter.

[T]he bank is currently [res]training growth of its loan [bus]iness at home and abroad, [whi]le retaining the approximate [equ]al shares of domestic and [for]eign business in total loans to clients. Outside Switzerland, SBC is aiming for what it calls "controlled growth."

The bank is to continue its policy of building up the local credit business of its foreign branches. This consists of loans made to clients in the country concerned and re-financing locally. Credits of this kind incur no transfer risk and are therefore not subject to a new Swiss levy of 1.5 per cent on capital coverage requirements.

Introduced at the start of this year, this levy affects all credit business with foreign banks and clients except local loans. Its inception, on top of Switzerland's existing high capital-adequacy requirements, is said by SBC to have restricted opportunities for foreign expansion at a time when the dollar has appreciated.

While foreign loans involving a transfer risk fell from 29.5 per cent of all SBC loans at the end of 1980 to 26.7 per cent at the end of this September, local foreign credit transactions rose from 15.5 per cent to 17.8 per cent.

Domestically, the bank has been carrying out a "braking process" since May. This was necessary because of the lack of new medium and long-term deposits by clients and to recommendations by the national bank.

This programme, which began to take effect in the third quarter, particularly affects the mortgage sector, in the light of where losses have been incurred in the financing of mortgage loans.

● SBC's 6¾ per cent 10-year bond issue was oversubscribed despite being increased by SwFr 50m to SwFr 150m.

Dresdner to tighten central control

By Kevin Done in Frankfurt

DRESDNER BANK, West Germany's second largest bank, is to restructure its business organisation to tighten central control of its world-wide activities. Dresdner has a total group business volume of DM 159bn ($71.6bn), including foreign bank holdings, mortgage banks and other domestic banks.

Under the pressures of growing administrative and personnel costs, increasing risks in both domestic and foreign business and the need to move to a consolidated group balance sheet, Dresdner has decided to streamline its headquarters management.

According to Dr Hans Friderichs, the bank's chief executive, the moves—which will begin to take effect from January—are necessary to make the bank better able to meet the challenges of the 1980s.

The tightening of central control partly results from moves by the West German banking authorities to require German financial institutions to produce a fully consolidated set of accounts.

Under the new structure, approved after a two-day closed session of the Dresdner executive board earlier this week, the bank will create four business divisions and eight headquarters staff groups.

The divisions will be:

- Domestic business, which will include all private and corporate lending business as well as Dresdner's domestic banking subsidiares and mortgage bank.
- Foreign business, which will take in regional and country responsibilities, European and Asian syndications, export financing, and Dresdner's foreign banking subsidiaries.
- Trading and services, which will take in the presently separate board responsibilities of money market and liquidity management, foreign exchange and precious metals dealing and securities trading.
- Consortium activities, which will include foreign and domestic issues, as well as individual co-operation projects.

Three new central staffs will be created for credit risk analysis and management (on a country, company and industrial sector basis), strategic group planning and financial budgeting and controlling.

This will be in addition to existing staff groups for legal affairs, personnel, the chairman's general secretariat, organisation — including building and property—and accounting.

The German banking sector has come under pressure in the last two to three years to place greater emphasis on profits growth at the expense of a forced expansion of business volumes, which they pursued relentlessly for most of the 1970s.

The forthcoming group consolidation of bank balance sheets itself threatens to squeeze future business growth because of Germany's strict regulations on the ratio of capital to lending, which will in future take in banks' foreign, as well as domestic, subsidiaries.

Dresdner has found itself falling behind its big rival, Deutsche Bank, in the last two years, as its profits fell and last year was forced to cut its dividend by a third.

Commerzbank, the country's third largest commercial bank, confirmed earlier this week that it would not be able to pay a dividend for 1981, the second year in succession it will have missed the payout.

[F]oreign side [t]o bolster [H]ochtief profit

By Jonathan Carr in Bonn

[H]OCHTIEF, one of West [G]ermany's [lar]gest building [co]ncerns, expects to make a satisfactory profit this year, [w]ith strong earnings abroad [h]elping compensate for a fall [a]t home. Last year, the company raised net profit to [D]M 124m ($55.3m) from [D]M 80.8m and paid an un[ch]anged dividend.

An interim report on the [fi]rst nine months of 1981 says [to]tal building revenue at [D]M 4.24bn was at about the [sa]me level as last year, with a [ri]se of 3 per cent at home [a]nd a small drop abroad.

The overall order intake for [th]e first nine months totalled [D]M 3.8bn and orders in hand [at] September 30 were worth [D]M 4.7bn — both figures [sl]ightly lower than a year [ea]rlier.

Linde expects unchanged payout after steady year

W[IESBA]DEN — Linde, the West German [ma]ker of fork-lifts, [illegible] equipment and industrial [illegible], can count on paying an unchanged DM 9 per share dividend for 1981.

Herr Hans Meinhardt, managing board chairman, said that earnings would [illegible] about the "very good level" [of] 1980, when the company had earnings of DM [illegible] ($[illegible]).

However, the company indicated that profit as a percentage of sales had worsened compared to 1980, with unchanged earnings projected as worldwide sales in the first nine months rose 20.1 per cent to DM 2.32bn. In 1980, earnings were up 22.6 per cent while the company's external sales rose by only 8.1 per cent from the 1979 level.

For [all] of 1981, Herr Meinhardt said he expected sales to rise between 10 per cent and 15 per cent.

The company reported that while sales were rising, order inflow, which would be booked as sales in future months, fell 5.4 per cent to DM 2.11bn in the first nine months. The order book shrank 4.8 per cent to DM 3.26bn.

The company said that sales would have to be expanded in 1982 by enlarging its market share, as the markets in which the company operates show no signs of growth.

Reporting sales and orders for the Linde domestic group, comprising Linde Holdings in Germany, the company said sales in the first nine months rose 22.2 per cent to DM 1.83bn. Order inflow, however, fell 16.3 per cent to DM 1.56bn and the order book at DM 2.66bn was 12.2 per cent lower than at the end of the first nine months of 1980.

AP-DJ

Protest over Swedish proposals

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

LARS NABSETH, manag[ing] director of the Federation [of] Swedish Industries, and re[pre]sentatives of leading for[eig]n-owned companies yester[day] protested to Mr Nils [Aas]ling, the Industry Minister, [abo]ut Government plans to in[trod]uce new laws on the estab[lish]ment of foreign-owned com[pan]ies.

[T]he delegation handed Mr [Aas]ling a letter asking him to [dro]p plans for special controls [on] foreign companies and in[ste]ad to concentrate on imple[me]nting measures to stimulate [ind]ustrial growth and invest[me]nt.

[T]he Government has been [un]der pressure from the trade [uni]ons to act on a report, commissioned by the Ministry of Justice, which was submitted by legal experts in 1978. The experts disagreed but a majority recommended the introduction of greater controls on foreign concerns.

Swedish industry has consistently opposed any discrimination against foreign investment for fear that it could provoke reprisals against Swedish companies' much larger operations abroad. Swedish investment abroad has been roughly four times as large as foreign investment in Sweden in recent years.

Mr Nabseth said yesterday that the foreign companies in Sweden had been increasing employment, had sustained higher profitability and investment than the rest of industry and made a major contribution to exports. Sweden needed the advanced technology brought in by the foreigners.

The major foreign companies in Sweden are owned by Exxon, International Telephone and Telegraph, Philips and International Business Machines. Mr Carl-Hugo Bluhme, IBM's Swedish managing director, said nearly half his subsidiary's 1980 sales of SKr 2.8bn ($510m) had gone to exports.

Mr Aasling told the delegation that the Government wanted to "freshen up" legislation dating back to 1916. The federation's interpretation of Government intentions was unduly pessimistic, he added.

Iveco sees growth in U.S. sales

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

[U.S]. SALES of Iveco, Europe's [lar]gest commercial vehicle [ma]nufacturer, will reach around [3,0]00 units compared with 1,700 [in] 1980, according to Sig Giorgio [Ma]nina, the managing director. [Sal]es would jump to 5,000 next [yea]r at which point volume [wo]uld be at a level to justify [loc]al assembly in the U.S.

[I]veco is known to have had [dis]cussions with a number of [U.S]. producers, possibly seeking [a] joint assembly venture.

[U]nit sales in the U.S. have [bee]n pushed up by the intro[duc]tion of an Iveco chassis cab [on] which local companies can [bui]ld their own van bodies. These [are] the only vans with diesel [eng]ines so far available in the [U.S]., although it is rumoured [tha]t Chevrolet intends to [lau]nch one soon.

[I]veco will produce, in all, [11]8,000 to 120,000 commercial [veh]icles over three tonnes gross [we]ight this year, against 109,600 [in] 1980.

Sig Manina said at the [Br]itish motor show that Iveco [wo]uld show profits for 1981 and [tha]t even though next year was [exp]ected to be much tougher [in] the truck business, should [do] better than break even in [198]2.

[A]lthough it was formed six [yea]rs ago, Iveco has never pro[duc]ed any details of its total losses but has announced the results of the individual manufacturing companies—Fiat commercial vehicles in Italy, Unic in France and Magirus in West Germany. However, a consolidated balance-sheet is promised for this year.

The results of the sales companies around the world have never been given by Iveco, which is registered in Amsterdam.

However, the parent group, Fiat, is making preparations for some of Iveco's shares to be quoted on stock markets around the world within a year or so and Sig Manina has obviously set himself the task of getting the company better known.

Fiat still intended to inject fresh capital into Iveco this year to help reduce its debts, Sig Manina said.

He reported that Iveco pumped £5m into its UK subsidiary last year to recapitalise it. Sig Manina indicated that the UK was a key market for Iveco and the group intended to capture at least 5 per cent of total sales of vehicles over 3.5 tonnes.

Iveco is in the final stages of negotiations with its local partner abouta joint project to make heavytrucks and buses in Egypt. Currently the Nasco company produces medium weight Iveco trucks and some engines under licence. The cost of the joint venture would be around DM 150m ($68m), not necessarily shared etqually between the partners.

Discussions arealso going on with the Indian Government and an unnamed potential partner for the local production of light and medium trucks. It is likely that the partner would be Premier Motors, which has produced Fiat cars for many years and has spare capacity at its plant near Bombay.

Iveco's former bus plant in Iran has re-started production and the group will send kits for 3,500 medium-size 25 seaters to Iran next year.

Sig Manina said Iveco was still willing to have approaches from other commercial vehicle companies wanting to join Iveco, but made it clear the company needed no more assembly capacity, which seems to rule out practically very potential partner in Europe.

MAN TO PAY STEADY DIVIDEND

Maschinenfabrik Augsburg Nürnberg (MAN), the West German commercial vehicle and mechanical engineering group, is proposing an unchanged 14 per cent dividend for the year to June 30, on net profits almost unchanged at DM 50.2m ($22.6m). In the current business year, MAN said a fall in the volume of domestic orders had more than been made up by the strength of demand from abroad. However, it noted that export earnings were under pressure, because of currency movements and the needs for long-term finance at a time of high interest rates. Last year, as previously reported, group turnover rose by 14 per cent to DM 8.9bn and orders by 19 per cent to DM 9.8bn, writes Jonathan Carr in Bonn.

Richard C. Hanson examines the Japanese side of a growing car making partnership

How Honda sees BL

HONDA MOTOR and BL are taking their budding relationship a step further with the announcement that they intend to collaborate on a new executive class car. Yet both companies dismiss the idea of any future capital connection.

Mr Ray Horrocks, chairman of BL Cars, enthusiastically described the new project yesterday as "even more significant" than the one which produced BL's surprisingly successful new Triumph Acclaim. The Acclaim was based on a Honda car known in Japan as the Ballade.

The "XX" project, as it is dubbed here, is the start of a "true two-way partnership." Mr Horrocks said. "Each side has much to learn from the other," added Mr Kiyoshi Kawashima, Honda's president.

Indeed there does appear to be greater potential for equal sharing than with the Triumph Acclaim, where Honda traded its technology most it seems for a leg up in the European market.

This time Honda will be getting from BL expertise and experience in large, more expensive quality cars. Honda has long been keen to upgrade its still rather limited range of models. The "executive" class car envisaged in the new joint project would fill the bill well.

So far Honda is known to have worked on new larger cars and engines, but it has yet to make any clean break from the *smaller (and less profitable)* end of the market in which it built its passenger car reputation.

Mr Kiyoshi Kawashima

Honda's newest model, a 1200 cc City introduced last month at the Tokyo Motor Show, is in fact a throwback towards the small cars which it phased out of production years ago.

At the top of the Honda line are two 1800 cc cars, three 1600 cc cars and the Ballade (which was modified into BL's 1300 cc Triumph Acclaim).

Mr Kawashima said the new XX car would be bigger than any of the current range. It was described as being in the same class of models as those which Audi and BMW export to the North American market.

In addition to the opportunity to share in BL's expertise in large car production, the agreement would give Honda a further entry into the European and UK markets. A key principle of the "letter of intent" signed here yesterday is that BL and Honda will derive "distinctive and separate" models from the XX project. Under the initial plan, BL will produce the Honda version in the UK for sale through Honda's own *British and European sales* networks.

Honda will in turn produce the BL model for sale through the BL network in Japan. BL candidly admits that its Japanese network, centred on high priced Jaguar sales, is, however, less than adequate as it stands.

BL is obviously more anxious for the benefits of collaboration than is Honda. The prime ad*vantage for BL in this next* phase is once again that shared development is less costly than going it alone, which must remain the prime consideration while BL rebuilds itself financially.

Honda's chief executive emphasised in his statement that the decision to attempt such an ambitious joint project may prove a milestone for the world motor industry, as well as in his company's relationship with BL.

"I believe that joint development and manufacturing between the two companies is not only unique, but also shows the way for future international *collaboration.* In this sense I believe the latest agreement . . . is of the greatest significance," Mr Kawashima said.

Foreign investors boost Japanese securities houses

BY YOKO SHIBATA IN TOKYO

JAPAN'S four largest securities houses—Nomura, Nikko, Daiwa, and Yamaichi—lifted their earnings sharply in the full fiscal year ended September 30, 1981, boosted by a strong increase in orders from foreign investors and commissison income from underwriting public issues of equities.

The top four securities houses benefited from a steep increase of stock brokerage income earned from business placed by foreign investors.

During the Tokyo stock market rally earlier this year, Japanese corporations carried out a large number of public issues of new shares. Total value of these increased to Y1,700bn ($7.4bn) on the domestic market, sharply boosting the securities firms' income from underwriting.

The Japanese bond market collapsed in the latter half of the fiscal year, partly in response to high U.S. interest rates. As a result, the securities firms' profits on bond sales stayed at the previous yea[r] level.

Nomura's brokerage income on stock transactions increas[ed] by 45 per cent. This comp[o]nent of income was up 38 pe[r cent] for Nikko, up 44.4 per cent [for] Daiwa, and up 34.8 per c[ent] for Yamaichi.

The stock market rally a[lso] increased income from many dealings in stocks which r[ose] 9.7 per cent for Nomura Y47.7bn), increased 21 per c[ent] for Nikko (to Y28.4bn), climb[ed] 44.8 per cent for Daiwa Y31bn); and rose 11.4 per c[ent] for Yamaichi (to Y20bn).

Nomura, the leader in b[ond] sales, increased profits in t[his] area by 15.8 per cent Y32,929m, which compared w[ith] Nikko's profits on bond sa[les] of Y33m (down 94 per cent).

As a result, Nomura's ope[rat]ing profits reached the Y10[0bn] level, making it the [first] Japanese financial institution [to] do so. Nomura, Daiwa [and] Yamaichi posted record ope[rat]ing profits.

RESULTS OF SECURITIES COMPANIES
Year to September 30—Ybn

	Nomura	Nikko	Daiwa	Yamaichi
Revenue	286	159.2	158.34	[illegible]
% change	+ 27.7	+ 22.8	+ 31.	+ [illegible]
Operating profits	100.53	48.43	41.45	[illegible]
% change	+ 41.9	+ 24.8	+ 53.4	+ [illegible]
Net profits	44.75	23.71	19.45	[illegible]
% change	+ 35.5	+ 29.4	+ 56.6	+ [illegible]

Record profits at Suzuki Motor

By Our Tokyo Staff

SUZUKI MOTOR, Japan's leading manufacturer of motorcycles and mini-cars (500 cc) increased operating profits by 12.4 per cent to a record Y8.42bn ($36.6m) in the first half from the level in the first six months of 1980-81. The upsurge was attributed to strong sales of mini-cars in domestic and overseas markets.

Suzuki's net profits rose by 29.7 per cent to Y3.28bn, also a record, on sales for the half ended September 30, of Y267.86bn ($1.2bn), up 21.5 per cent to their highest for a half year.

Over the full year, the company expects a performance still more strongly improved, estimating operating profits at Y16.9bn, up 27 per cent, and net profits at Y6.6bn, up 37.7 per cent, on sales rising 17 per cent to Y535.8bn.

Four-wheeler exports jumped during the half by 49 per cent to 72,737 units, and four-wheeler domestic sales rose by 16.9 per cent to 226,441. Motorcycle sales in the domestic market gained 13 per cent to 367,832 units and motorcycle exports rose 5.4 per cent to 511,768.

● Suzuki announced in August that it was to build financial and trading links with General Motors of the U.S. involving Isuzu, the Japanese motor manufacturer in which GM has long held 34 per cent.

Setback for Teijin

Teijin Japan's largest polyester maker, reports a 39.3 per cent fall in unconsolidated net earnings in the half year ended September 30, mainly as a result of losses in connection with a joint polyester venture in Spain, AP-DJ re*ports from Tokyo. Net profits* came to Y2.13bn ($9.3m), against Y3.51bn in the previous corresponding period. Sales rose by 4 per cent to Y237.67bn from Y228.424bn.

Earnings surge at National Bank of Australasia

BY GRAEME JOHNSON IN SYDNEY

THE NATIONAL Bank of Australasia has broken the A$100m profit barrier with a 33.7 per cent rise in earnings to A$101.4m (U.S.$114m) in the year to September 30, one of *its best results. The final divi*dend has been lifted by 1 cent to 11 cents a share.

With the chill wind of the Campbell inquiry into the Australian financial system blowing down the bank's back and suggestions of a windfall tax on bank profits, the directors were quick to point out the bumper profits did not just come from higher interest rates.

National does not break down earnings from its trading and savings banks but there is no doubt that the trading bank *operation would have turned in* an even better performance before poorer savings bank earnings pegged back the total banking increase from A$55.4m to A$77.16m.

National increased profits as a percentage of shareholders' funds from 15.2 per cent to 17.8 per cent.

Results of finance arm promise gain for ANZ

BY OUR SYDNEY CORRESPONDENT

FINANCE CORPORATION of Australia, recently acquired by the ANZ Bank, has shown the finance industry a clean pair of heels again with a 67 per cent rise in earnings in the year to end-September, from A$7.61m to A$12.75m (U.S.$14.5m). The result indicates the ANZ group result being substantially higher.

Taking its other non-bank subsidiaries into account, ANZ is likely to have almost A$83m of profits under its belt before taking its banking operat[ions] into consideration, and is set to establish a record [for] earnings.

The group's three finance [off]shoots last year provided aro[und] A$47m of group profits [of] A$136m. FCA's latest profit surpasses the highest pr[ofit] ever earned by its for[mer] parent, the Bank of Adela[ide]. The two companies' best c[om]bined result was A$7.8m in 1[...]

FCA had net outstanding[s of] A$385m at September.

FINANCIAL TIMES SURVEY

Friday November 13 1981

...n, with its strategic location in the ..., has much to offer its allies. From the ...tern viewpoint, it holds somewhat ...rent political views to other Arab states ...e region. Oman gives priority to what ...es as the imminent Soviet threat to the ...rity of the region, rather than to Israel.

OMAN

Sultan Qaboos bin Said, the Ruler of Oman—his foreign policy is exactly what the U.S. would like to to see adopted more widely in the Middle East

...ultanate's increasing importance in the Gulf

PATRICK COCKBURN

...AFTER the revolution in ... pictures of the Strait of ...uz began to appear re...ly on Western television ...is. The entrance to the ...was identified as the choke ... where the flow of Opec's ...uld be stopped.

...vitably this has increased ...nportance of the Sultanate ...man whose territory in...s the tip of the peninsula ...e south side of the en...e to the Gulf. The Soviet ...ion of Afghanistan and ... election of President ...n in the U.S. have also ...d to emphasise the signi...e of Oman as a political ...n a vital strategic area.

...an has the additional ad...ge, from the point of view ...e West, of holding some... different political views ... the other Arab states in ...Gulf. It gives priority to what it sees as the imminent Soviet threat to the security of the region rather than to Israel. Sultan Qaboos bin Said, the ruler of Oman, approved the Camp David agreement between Egypt and Israel and maintained diplomatic links with Cairo. A senior Omani officer was killed by the assassins who gunned down President Sadat last month.

This month the efficient Omani armed forces of 21,500 men will take part in operation "Brightstar." This is a military exercise involving Egypt, Sudan, probably Somalia, and the U.S. The aim is to prove American ability to send immediately military aid to any of its allies in the region in the event of external attack. American marines will make amphibious landings on Oman's southern shores.

Muscat, the capital of Oman, with the Alam Palace, right, and Fort Mirani, left

But the maneouvres will be on a much smaller scale than the Americans originally hoped, involving 1,000 U.S. troops but lasting only one day. There will be no ground manoeuvres. Originally it was expected that 2,000 U.S. troops would be involved and the exercise, to be held in December, would last for several days.

The scaling down of Oman's participation in operation Brightstar is primarily because the Government feels that the publicity surrounding the exercise will do them little good. The manoeuvres could draw criticism from other Arab states that Oman is aligning itself too closely with the U.S.

At the same time the U.S. is extending substantial military aid to Oman under an *access agreement signed last* year. This allows the U.S. to use Omani military bases in the event of a crisis in the region. It will, however, need permission to do so ministers in Oman's capital are careful to emphasise. They are also upgrading the airbase at Masirah and other airfields around the country at a cost of about \$200-\$250m in an operation which will be concluded by 1984.

The plans for these facilities were laid down in June last year when U.S. hostages were still held in Tehran. The Carter Administration believed that it urgently needed access to a reliable ally in the area for the Rapid Deployment Force. The speed with which these facilities are being created is unprecedented outside wartime according to diplomats in Muscat.

Over the next ten years senior Omani officials are hopeful that the U.S. will spend \$1-1.5bn on military construction in Oman. This is a very large sum for a country with a population of only about 840,000. Also, the U.S. is to spend more money on project aid under another agreement signed with Oman last year. The most significant political change in the country over the last two years has been the increased role of the Americans. This must inevitably diminish the influence of Britain which still supplies over 500 British officers on contract or loan to the Omani Army.

Clearly Oman has much to offer any potential ally. Leaving aside its immediate political concerns, the country has a somewhat different atmosphere from the rest of the Arabian peninsula, possessing as it does a different history and tradition. Inspite of its long land borders it is almost an island since it is divided from Saudi Arabia by the desert wastes of the Empty quarter, from South Yemen to the west by long-lasting political hostility and has only limited links with the United Arab Emirates. It has no ambitions to become an international centre like Dubai or Kuwait. In addition few of the 150,000 immigrants in Oman come from the rest of the Arab world. Most are Indians or Pakistanis.

Oman also differs from most of the rest of the Arabian peninsula through its links with Africa and India. In the 18th century the Al bu Said dynasty had made Muscat the main trading entrepot of the Gulf and up to 1856 also ruled Zanzibar. The interior of Oman was controlled largely by the tribes and the local spiritual leader or Imam.

Between the middle of the 19th century and 1970, when Sultan Qaboos bin Said came to power, the country relapsed into isolated impoverishment. The Imamate was only ended with British military assistance in the 1950s. It is only over the last decade that Oman's modest oil income has been used for development and education.

During the first five years of the rule of Sultan Qaboos the rebels in the southern province of Dhofar backed by South Yemen were defeated with very substantial assistance from Britain and Oman. The legacy of this is a large army for the size of the country and an abiding suspicion that the South Yemenis will try again, possibly with Soviet assistance.

Nevertheless, the consequence of so many Omanis in the army and police — and also in the armed forces of the UAE which use Oman as a recruiting ground—has not been entirely negative. The families of the soldiers remain behind in their villages which benefit from remittances, and do not all congregate in the capital as civil servants or workers in the service industries as has happened in most other oil states in the region.

The advance in education and health over the past ten years has been spectacular though from a very low base. There is some advantage for Oman in not having too much oil and indulging in the construction of massive prestige projects. Nevertheless, the International Monetary Fund criticised the rapid expansion in spending this year as Oman benefited from the rise in oil prices sparked off at the end of 1978 by the revolution in Iran. The Five Year plan (1981-85) is now being revised and presumably some projects will be dropped or reduced.

As in most oil states there is talk of finding alternatives to oil. Investments are being made to upgrade agriculture, fisheries and develop some industries, but there are limits to what can be done here and it is difficult to see how local production can be made competitive with foreign imports. The most important point is probably to ensure that farmers and fishermen can make enough money to prevent them rushing into the service sector or the civil service.

Fortunately for Oman, re-evaluation of existing oilfields in the late 1970s and the discovery of new fields in Dhofar ensure that exports will continue at a high level for a long time. There is also a strenuous effort to get international oil companies to step up the search for more oil.

There is no evidence, for the moment, that the regime is likely to face any serious internal dissidence. Its position as a small regional power is still unclear and will be determined by the degree to which Oman is prepared to ally itself with the West and thus risk alienating other Arab powers in the Gulf with which it is grouped in the Gulf Co-operation Council.

At home power remains heavily centralised on the person of the Sultan but over the past month there has been a limited move to greater popular participation through the establishment of a nominated advisory council of 45 members drawn from the Government and private sector. How far this will involve a change in the distribution of power it is still too early to say.

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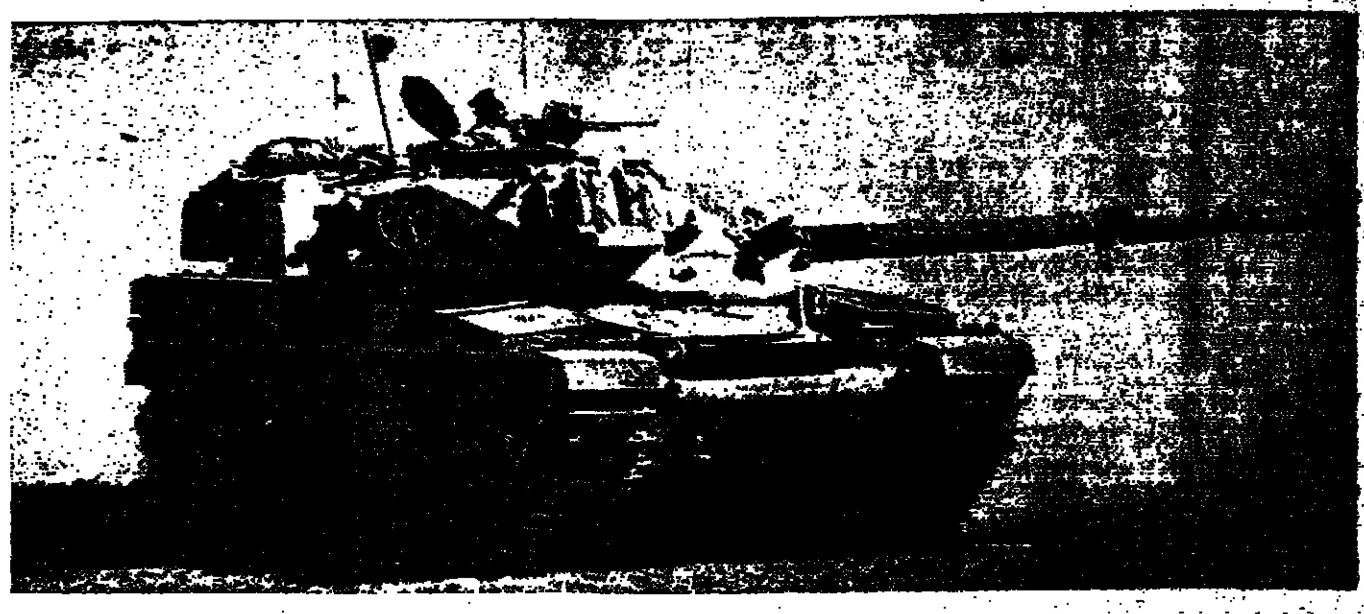
● Editorial production of this survey was by Mike Wiltshire. Photographs by Terry Kirk.

Oman's airforce has squadron of Haw Hunters and another Jaguar aircraft (left). second Jaguar squad will be added. Tank fo are also being buil with 35 British Chief tanks on order at a cos £40m. Oman's forces taking part this mont "Operation Brightsta this is a military exe involving Egypt, Su and, probably, Somalia the U.S. The aim is prove American abilit send immediate mil aid to any of its allie the region in the even external attack



The Omani armed forces are probably the best-trained in the Arabia Peninsula

Closer co-operation with U.S. and Britain

THE REVOLUTION in Iran moved the balance of power in the Gulf away from the West and altered Oman's perception of threats to its security. With its control of the western side of the Strait of Hormuz at the enrance to the Gulf and 1,700 kilometres of coastline facing Iran or the Indian ocean, Oman has inevitably become a more valuable potential ally for the U.S.

In addition the Omani armed forces number some 21.500 men and are probably the best trained in the Arabian peninsula. They differ from the Saudi army in not being overburdened by large highly sophisticated weaponry and equipment. They also have 660 British officers and other ranks including Sir Tim Creasy, who formerly commanded the British Army in Northern Ireland, as chief of defence staff. The commanders of the army, navy and airforce are also British though generally speaking they are increasingly confined to the more technical jobs.

In future, however, the U.S. is likely to play an increasingly significant military role in Oman. The foreign policy of Sultan Qaboos bin Said, the ruler of Oman, is exactly that which Washington would like to see adopted more widely in the Middle East. Omani ministers speak of a developing Soviet threat, a pincer movement with one arm in Kabul and one in South Yemen, in a way which should be music in President Reagan's ears.

Within the Gulf Co-operation Council, which links all the Arab powers of the Gulf with the exception of Iraq, Oman has pressed for greater co-operation on security. In contrast to Kuwait, which emphasises the necessity of keeping the Gulf neutral, Oman is prepared to ally itself closely with the West.

Alone of the Arab states east of Egypt, Oman kept its ambassador in Cairo after President Sadat signed the peace treaty with Egypt. An Omani regimental comander was shot dead in the reviewing stand at the same time as the Egyptian President was assassinated last month. Unlike the rest of the Gulf the Palestinian issue is played down by Sultan Qaboos and the Soviet threat emphasised.

Some misgivings

Yet closer links with the U.S. have not come without Omani misgivings. On the one hand, as the Minister of State for Foreign Affairs, Mr Qais Abdul Moneim Zawawi, put it, there is an opportunity in the aftermath of Sadat's assassination "to demonstrate American determination to act to support its friends when the need arises."

But at the same time the Omanis did not appear last month to be very enthusiastic about participation in "operation brightstar." This exercise is to be carried out over the whole of this month in Egypt, Sudan and probably Somalia. It is aimed at showing the Soviet Union, or any other potentially hostile power such as Libya, that Washington has the capacity and will to intervene in the region. Omani misgivings appear to centre less on Washington's general intentions and more on the publicity the manoeuvres are likely to attract such as a map in an American weekly magaine last month which showed U.S. marines making amphibious landings in Dhofar.

Other participants in the exercise, Egypt, Sudan and Somalia, all face internal troubles. The situation in Oman is different. There has been no sign of any threat to domestic security since the rebellion in Dhofar was crushed in 1975 with the help of the British and the Iranians.

The Reagan Administration seems to wish to give a higher profile to its alliance with Oman than did President Carter. In June last year the Carter Administration signed an access agreement with Oman. This allows Washington to use military facilities in the country, mainly airfields, in the event of a crisis in the region. In every case, however, Muscat will have to agree to America using its bases.

The access agreement was conceived by the Americans in the context of the Iranian crisis and the rapid deployment force. Hence the emphasis was placed on airfields such as that on Masirah Island where contractors supervised by the army corps of engineers are beginning work. When completed in 1984 the runways will be strengthened and lengthened, fuel storage and equipment stockpiling organised. A maximum of 100 U.S. technicians will stay behind at Masirah to maintain the equipment.

The U.S. would also like to obtain maintenance and supply depots in Oman for its Indian Ocean fleet but this is not covered by last year's access agreement. Access to Muscat would in many ways be more convenient than Diego Garcia or Mombasa. However, the naval base planned for the Omani navy at Wudam, west of Muscat, is separate from the access agreement.

The scope of last year's agreement with the U.S. will be partly dependent on political developments in the region but $200m has already been committed by the U.S. for military construction alone in fiscal 1981-83. But Mr Qais Zawawi says that over the next ten years he hopes that Washington will spend $1 to $1.5bn on military facilities alone in Oman. This is distinct from the money the U.S. will spend through the joint economic commission it set up with Muscat last year. This was part of the price for the military access agreement. The U.S. will fund all studies carried out by the commission and the cost of projects which are given the go-ahead will be equally divided between the two states. The money involved will be $200 to $400m.

Yet for all the military expenditure in Oman the immediate external threat looks limited. Iran is caught up in its revolution and its war with Iraq. To the east South Yemen does not seem to have the capacity or the will to laun conventional attack. Only 40 rebels still hold out ir mountains of Dhofar. N theless Mr Abdulaziz al-R Oman's Information Min says that "we see South Y as playing the same role i Arabian peninsula as Hano in south east Asia in 1950s."

The only attack which w stand a chance of succe from South Yemen in colla tion with the Soviet Unio as a result of the tripa alliance between A Ethiopia and Libya agreed lier this year. But the ce of the alliance is Libyan m and the current state of oil market and Libya's c commitments makes it unl that substantial funds wil made available by Col M mer Gadaffi.

High cost

Oman's military build u costing a great deal of mo In 1976-80 military expend was 43.5 per cent of total ernment expenditure and is planned to fall only ma ally to 40.3 per cent under 1981-85 five year plan. Altho American subventions wil of importance Saudi Arabia not paid for any of Om military hardware. In alone the cost of nati security and defence rose RO407m compared to RO the year before.

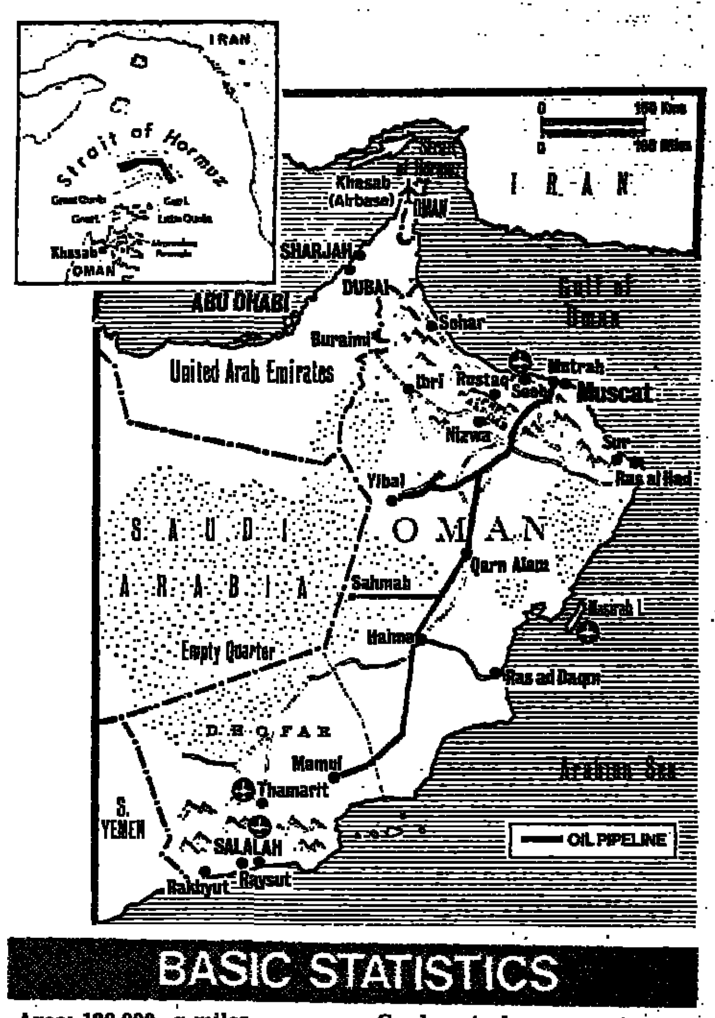
The 35 British Chief tanks on order will cost £ while Thumrait army bas the south will reportedly $72m and Ibri army £30m. This is heavy expe ture for so small a country.

But the armed forces are not very heavily equip although the tank forces being built up. The 18,000 in the land forces are ma infantry with some light medium artillery. In addi to the Chieftains the U.S. supplying some M-60 tanks. airforce is a compact force w one squadron of Haw Hunters and another of Jag aircraft. A second Jag squadron will be added. F C-130 heavy transport aircr are on order, and one arrived while another is on l from Saudi Arabia.

The airforce contains largest number of Brit officers, some 200, and anot 100 other ranks as well as Omani officers. The plan is carry out training for Om pilots methodically and not expand the airforce so fast to increase the need for mo expatriate officers and te nicians. The navy is also bei expanded with a small ba opened up at Goat Island the tip of the Musandam pen sula and another base to built at Wudam. The na monitors traffic going throu the Strait of Hormuz and getting three heavy missi boats one of which will delivered early next year.

Generally, Oman has effect armed forces but so observers suggest they are t large for any threat to intern security or from South Yeme At the same time there is litt they could do if a Soviet attac did materialise. The mo interesting theme over the ne five years will be to see how di lomatic and military relatio between Muscat and Washin ton develop.

Patrick Cockburn



BASIC STATISTICS

Area: 120,000 sq miles	Crude petroleum exports: $3,603.3m
Population (1980): 890,000	Oil production (1980): 103.7m
GDP (1980): $5,729m*	Foreign exchange reserves (July '81): $870.4m
GDP per capita (1980): $6,437	Balance of payments (1980): +$1,152m*
TRADE (1980)	Currency: £1=0.648 Omani rials
Exports: $3,748.1m*	$1=0.346 Omani rials
Imports: $2,065.1m*	
Exports to UK: £28,728m	
Imports from UK: £131.094m	

* Estimates by Central Bank of Oman

Oil-rich Oman has been criticised by the IMF for pushing expansion too fast. Patrick Cockburn reports.

Steep rise in spending leads to a boom in the economy

ATEVER political regrets Government of Oman may over the fall of the Shah, oil price explosion touched by the Iranian revolution given a strong boost to the nl economy. It ended the icial stringency of 1976-78 Government revenue fell use of a drop in oil produc- and a new revenue/profit ula agreed with Petroleum lopment Oman.

e Government reaction has a speedy increase in spend- which has led to a boom in economy. The 1981 budget s RO 1,410m, an increase 2 per cent on the previous . Capital expenditure is up by 63 per cent. This criticised by the Inter- nal Monetary Fund for ing expansion too fast.

e Government may now be etting some of the optimism st year when oil prices were rising. Since the first ter of this year the price of ni crude has dropped from 5 a barrel to about $34. is serious since the five- plan (1981-85) estimates rnment revenues at about n assuming that oil prices by 5 per cent a year. The was issued in January and up last year at a time when the oil market was still strong under the influence of the Iran-Iraq war.

The five-year plan is now being revised and an amended version will be issued early next year, but the Omani ministers are adamant that they will not try to push oil production above 330,000 barrels a day to raise revenue. Instead some projects will be cut back. This has not yet affected business.

Between 1978 and 1980 imports rose from RO 327.2m and RO 598.2m and in the first quarter of this year totalled RO 180m.

Military expenditure is also rising steeply. Between 1979 and 1980 it soared up RO 269m to RO 407m. Given that military expenditure over the last five years has tended to exceed its budgetary targets while there has been underspending by the civil departments it will be difficult to cut back expenditure on arms, bases and salaries.

The point is important because some 18,000 Omanis are in the armed forces and military pay is an important way of channelling oil revenues back to the villages. This year the army received a pay rise which averages out at about 27 per cent. This is to ensure it does not fall too far behind non-military salaries. It is also necessary to compete with the United Arab Emirates, 60 per cent of whose 42,500-strong armed forces are recruited from Oman.

Facilities

Some of the burden of increased military spending will be taken by the U.S. under the access agreement reached last year. America is already committed to over $200m expenditure at Masirah Island and other military facilities over the next two years. The Omani Government hopes for a much larger sum over the next decade. In addition a joint U.S.-Omani Economic Commission has been set up which will fund projects. Studies will be paid for by the U.S. and project costs divided equally.

The rise in Oman's oil revenues have left it short of aid. Saudi Arabia is paying for the copper mine and smelting operations at Suhar and for the $325m Nizwa-Thumrait road linking Muscat overland to the south. But early next year, if all the expectations of the five-year plan are to be realised, Oman will probably start looking for more aid from other oil producers.

Despite the rapid increase in Government expenditure the conditions of the 1974-76 boom are unlikely to be repeated. Government ministries are more experienced but the IMF warns of the impact of a rise in domestic liquidity of over 50 per cent. It is still too early to say how far actual Government spending will be affected by inability to press ahead with projects at the speed laid down in the plan.

The IMF suggested that interest rates be raised to curb private sector borrowing from the banks. The banks complain of the shortage of Omani royals because of the ceiling on the rate they can pay to depositors. "Even small depositors turn themselves into foreign currency depositors," said a banker in Muscat.

The boom has led to an increase in rents and construction materials. Accommodation in the capital is expensive and the hotels are often full. But, as in the rest of the Gulf, there are limits to what the local market can absorb. Unlike Dubai, Muscat has never attempted to become an entrepot for neighbouring countries and the re-export trade is limited.

The prime aim of the five-year plan, which has now started, is to continue to improve the infrastructure, agriculture and education. A university is planned for the capital. At the same time there will be limited investments to set up small scale industry and assistance to the private sector in the form of soft loans. Clearly Oman will remain almost entirely dependent on its oil industry and Petroleum Development Oman will have a development budget of some $600m next year.

The small size of the Omani population puts clear limitations on industrialisation and the development of industry, agriculture and fisheries. Presumably the contracts now being awarded will lead to more foreign workers. Some 80,000 of these are from India and another 30,000 from Pakistan. Because of the lack of an adequate census the size of the Omani work force is not known but it tends to be concentrated in Government employ as soldiers, policemen or civil servants, farmers and small businessmen.

Over the next five years, Oman will remain dependent on its oil income which is unlikely to rise in real terms. It is difficult to see how local agriculture and industry—even on a small scale—will be competitive with foreign imports, but local commerce and construction will be sustained by increased Government spending on civil and military projects.

The last year has seen prolonged skirmishes with the oil companies in order to keep up prices

A hawk in the oil markets

THE END of the last ide the prospects for Oman's industry were transformed. 979 under the impact of the nian revolution, the price of oil rose from $13.06 a barrel 28.26 and continued to rise 41.

t the same time as oil nues were soaring a re- uation of existing oilfields a string of new discoveries the southern provinces of far led to a 61 per cent in- se in the estimates of an's recoverable reserves. hese are now put at 2.48bn rels compared to 1.52bn mated at the beginning of . Two-thirds of these are he north, and fields which e not economic to develop e early 1970s are now being ght on stream. The picture ery different from the mid- s when it looked possible oil production would fall a peak of 366,600 b/d in to 220,000 b/d in 1981.

Resistance

stead the plan is to main- production at 330,000 b/d the five years 1981-85 with fields, such as Marmul in far, being opened up. mism over prices has, how- somewhat soured this year e price for a barrel of 36° Omani crude has dropped $39.50 in the first quarter 34 today.

nan is not a member of the nisation of Petroleum orting Countries (OPEC) since prices started to rise ate 1978 it has been some- g of a hawk in the oil kets. As with other oil pro- rs the last year has seen onged skirmishes with the companies in order to keep es up.

July oil customers strongly sted the Government's rts to set a price of $36.50 a el for contract and buy-back veries in the third quarter. oil companies were looking something closer to $34-35 particulary stiff resistance g put up by Japan. Shell, main equity holder in Oman ng some 110,000 b/d of ity crude and 50,000 b/d tract-buy back, was also er to get the price reduced. t the end of July most com- ies settled with the Govern- t, though not always with usiasm, when the price further reduced to $35.50. s not clear what price Shell paid for its equity crude. otiations for the fourth rter liftings led to Oman oping its price once again, line with most Opec states, $34.

ast year Japan was much largest market for Oman's taking a shade over 50 per t with 11 per cent each going Singapore and the Nether- ls. Shell, however, takes e 170,000 b/d of contract equity crude out of total duction of 320,000 b/d. The biggest customer is Trans- a Oil lifting 90,000 b/d fol- ed by three Japanese com- ies—C. Itoh, Nissho-Iwai Mitsui Bussan—which to- her take 32,000 b/d. Gulf s 10,000 b/d.

he shortfall in oil revenues ch has resulted from the p in the world price of oil inevitably hit the Govern- nt's development plans. 1976-80 oil revenues were per cent higher than expected the current five-year plan (1981-85) assumed that the price of oil would go on rising by 5 per cent a year. Instead it has fallen sharply since the plan was issued and it is now being revised.

Government officials make it clear that they will not try to make up for the drop in the price of crude to $34 a barrel by increasing the volume of exports. They will stick to the production target of 330,000 b/d and cutback on expenditure.

Nevertheless Petroleum Development Oman (PDO), managed by Shell, is continuing with major investment programmes. The PDO is 60 per cent owned by the Omani Government, 34 per cent by Shell, 4 per cent by Compagnie Française des Petroles and 2 per cent by Partex. Over the next five years the Government plans to spend RO 544m as its part of the capital expenditure and the other shareholders RO 360m.

Projects being carried out by the Petroleum and Minerals Ministry include the 50,000 b/d oil refinery and local observers are waiting with interest to see whether Ashland or Shell get the management contract when the refinery opens next year. By products will be used to manufacture a small quantity of asphalt.

The Government is also anxious to encourage companies other than the PDO to take up concessions and intensify exploration efforts. The Elf-Sumitomo - Wintershall group has already started producing from a small field, Butabul, at the rate of 12,000 b/d at the end of last year. Other groups will follow.

Agreement

This summer, for instance, a new concession was awarded to Elf Aquitaine as operator, Kuwait Petroleum Corporation (KPC), the International Energy Development Corporation and the Sumitomo Corporation of Japan. They will spend a minimum of $30m over three years in exploration in a 27,000 sq km area in eastern Oman. It is particularly interesting that KPC is the largest shareholder in the group since it owns 21 per cent of IEDC, as well as a quarter of the new group. In the event of oil being found profits will be split 85 per cent for the Government and 15 per cent for the company, the Government proportion rising if production goes above 25,000 b/d.

Japex Oman Company also signed a concession agreement in July under which it will spend $45m over four years and a signature bonus of $7m. Another Japanese consortium, Oman Oil Development Company, signed a production sharing agreement with the Government at the end of last month for an offshore concession near Masirah island off Oman's east coast.

Combined with earlier concessions international oil companies are gradually taking up the blocs on offer surrounding the central corps of the PDO concession. Nevertheless it is reasonable to assume that the Government will not be too eager to erode completely the predominance of PDO in which it has a 60 per cent share. Under the present five-year plan, however, the independent oil companies are expected to spend RO 185m.

The Government is eager to increase the use of gas and to sell most of its crude for exports apart from that which goes to the refinery. In 1978 a pipeline was built to carry gas from Yibal to the capital area for power generation and last year the first deliveries of liquefied petroleum were made to the National Gas Company. Natural gas is also piped from Yibal to al-Ghubra power station and water desalination plant near to Muscat and there is a 120-mile spur pipeline along the coast to the copper industry planned for Sohar. For the moment there are no plans for gas exports.

P.C.

Construction work on a refinery by Mitsubishi at the PDO oil terminal at Mina al Fahal

Alison Brown examines Oman's plans to broaden its industrial base

Strong efforts to diversify the economy

RUSAIL is the first industrial estate in Oman, still only a levelled area with neatly culverted flood channels, tucked in the dusty red hills behind Seeb airport. Two firms occupied the area before the estate began, the neon-lit National Gas Company gas bottling plant, and Amiantit, an asbestos pipe factory.

Rusail is one of several steps the government has taken to set up industries: a copper mine and smelter should begin operation next year, Muscat's oil refinery will also open in 1982, and two cement plants are to be commissioned for 1983. Oman has more industrial potential than some of her nearest neighbours. Copper and other minerals exist in commercial quantities, but lack of skilled manpower and an infrastructure only partly developed will make the pace of change slow.

The Sohar copper project will export partially refined copper by mid-1982. The mine is run by Oman Mining and Company, government owned but run on semi-independent lines. Two private concerns, Marshall Oman Exploration and Prospection Oman, were bought out early last year.

The mine and smelter will cost $150m of which $100m is a grant received from undisclosed sources in Saudi Arabia but administered by the Saudi Fund for Development. The mine is on the northern coast, about 270 km from Muscat, and 70 km from the Emirates, near the site of ancient Islamic mines which probably themselves obliterated prehistoric workings.

A new town is being built in the dusty desert, designed by Canadian firm Cansult, to house about 1,000 people, and the first residents are already moving in. The crushing plant and concentrator should be operating by the end of April, and a pelletising plant by the end of May. From then it will be only a few months to full production.

Possibilities

The smelters will process 1½m tonnes of ore annually, producing 20,000 tonnes of partly refined copper. Originally this was designed for export, but in February 1981 construction of a $15m electrolytic refinery was approved to purify the copper to international standards. This became feasible because of a recent rise in world prices of copper and silver — a by-product of the process. The refinery would make manufacture of copper products, tube and wire for the home market, a real possibility.

Supplies of copper are conservatively expected to last 12 to 15 years. The cost of building at Sohar has been high, including the infrastructure — roads, power station and desalination plant — that in many countries would already have been established. But the Saudi grant has gone far towards making the enterprise profitable. The company's Canadian manager, Mr Jack Walli, hopes investment in the electrolytic refinery will be repaid in three or four years. He aims to reduce dependence on expatriate staff and train expert Omanis as soon as possible. Oman Mining and Company is also exploring chromite concessions, and some ore should be exported next year.

Refinery

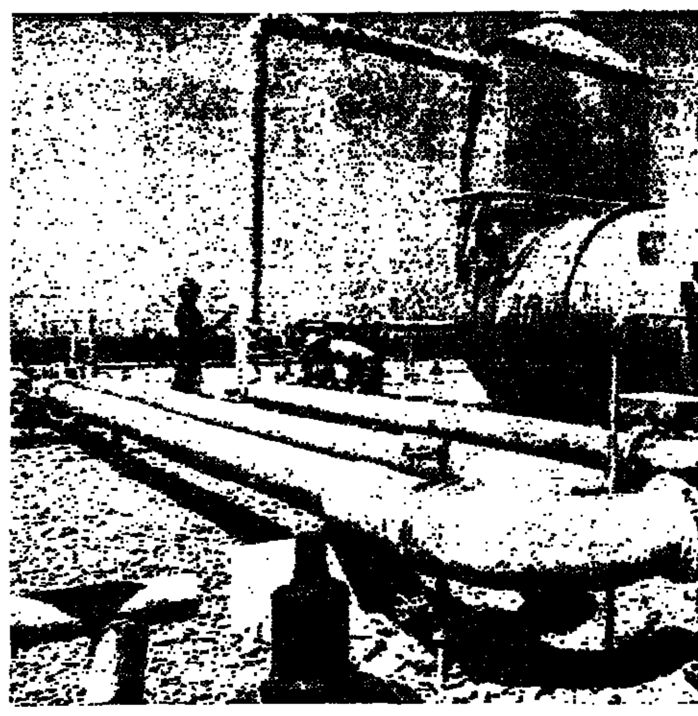
Another obvious step is for the country to produce her own petrol, instead of exporting crude oil and importing gasoline. The oil refinery, begun last year, is rapidly taking shape in a sheltered bay of the capital occupied exclusively by Petroleum Development Oman, the state owned oil company and country's main oil producer. Here a pipeline disgorges crude from all parts of the country to be exported from the port of Mina al Fahal. Construction of the refinery was awarded to Mitsui of Japan, and production, due to start in mid-1982, will be 50,000 b/d to supply the local market.

In 1980 cement formed a third of the country's total imports reaching 500,000 tonnes. Now cement plants near Rusail in the north, and Salalah in the south, are being built to meet rapidly escalating demand for cement. Last year's oil price increases, and an optimistic 1981-86 five-year plan, stimulated a building boom that could last for several years. Construction companies are fully occupied, and in a recent survey of manufacturing firms, nearly half were making cement products such as blocks, tiles and pipes.

Oman Cement Company, another semi-independent government concern, runs the Rusail plant, which is cost RO50m and will produce 624,000 tonnes of cement a year, with capacity for tripling output if needed. Limestone, gypsum, and iron-ore are all quarried in Oman, and only the 2 per cent of the bauxite needed will be imported. A turnkey contract for construction was won last February by Krupp Polysius of West Germany.

The Raysut plant near Salalah is a smaller venture costing RO17.4m and producing 210,000 tonnes, being built by the privately owned Raysut Cement Corporation. Construction is by Babcock Krauss Maffei Industrienlagen, also of West Germany, and again the plant has capacity to triple its production.

These are the main projects being developed, and though there has been talk of an iron and steel plant, no firm plans have yet been made. In addition there are other smaller government promoted schemes. A salt refinery at Quriyat, a brick factory at Wadi Adai in the capital, the gas bottling plant and asbestos pipe factory in Rusail, Oman Flour Mills in Muttrah with a new RO1.5m animal feed mill producing 60,000 tonnes a year, shortly to be completed, and a teracotta tile factory are just some of those already established.



With its big increase in oil revenues, Oman is making significant efforts to further diversify the economy. The country's oil reserves are now put at 2.48bn barrels, compared with the estimate of 1.52bn barrels at the beginning of 1979. Above: the PDO oil terminal at Mina al Fahal

Rusail industrial area will become an important focus. Plots of varying sizes covering 172 hectares are planned, and over 100 plots will be given out in the first phase each offering water, electricity and worker accommodation. Advanced factories are being designed by architects Turner Wright and Partners, and 28 buildings accommodating 8,000 staff should be on the ground next year. The area has not yet been advertised, but a handful of firms have shown interest.

Rusail will not have special status, since, as Commerce and Industry Minister Mr Mohammed Zubair says, the whole of Oman is a free zone. Though each applicant will be specifically vetted, only concerns producing excessive effluent or with very high water use would be excluded. The government is actively looking for new industries to establish at Rusail.

Foreign investment for certain schemes is also being sought. These include production of vegetable oil and soap, ceramic products, nails and screws, paints and varnishes, pesticides, fish processing, modern fishing gear, motorised boat building, marine chemicals, paper products, plastic products, dry batteries for cars, and tyre remoulding.

Cheap loans

Omanis are being actively encouraged to set up small manufacturing schemes. Cheap loans are available from Oman Development Bank, and the current five year plan allocates RO 135m for grants and loans to industry, mining, agriculture and fishing, most of which is for industry.

But with the exception of copper, most of the manufacturing being considered is for the home market, which is limited to the needs of under a million people. While Oman is developing expensive infrastructure the country is unlikely to compete in exports with cheap produce from India or the Far East.

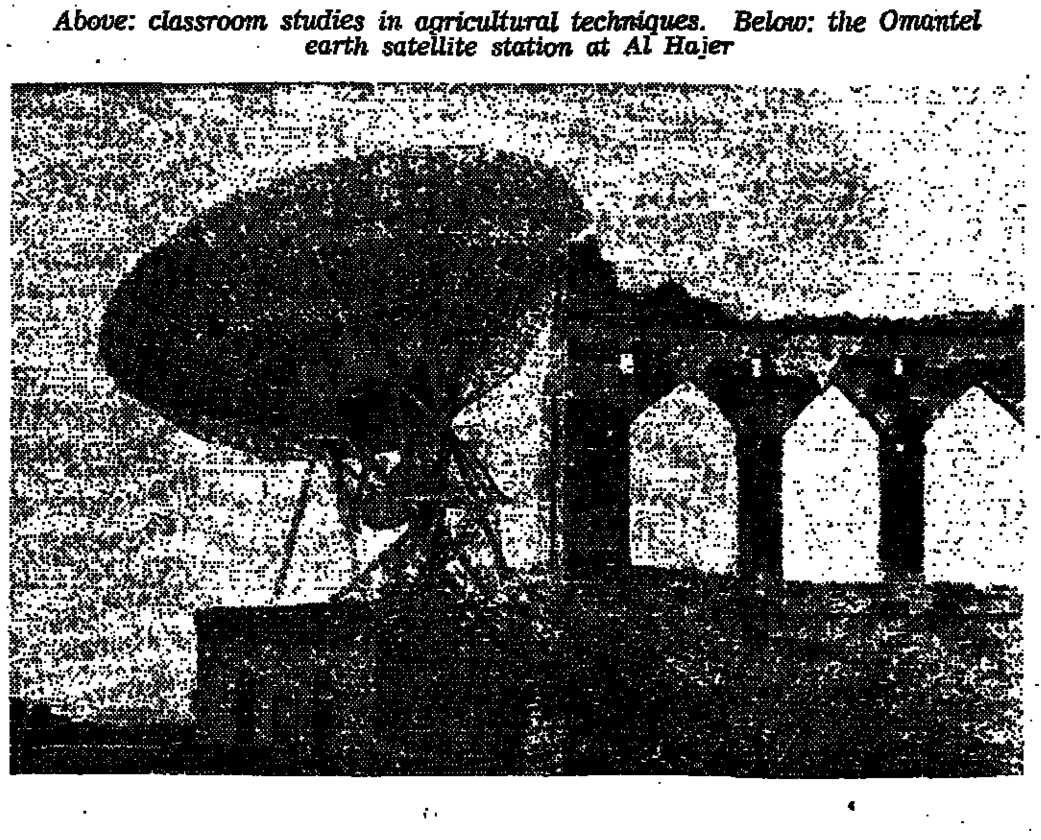
Both agriculture and fishing can only be developed as marketing improves. Cold stores are being built throughout the country, but it is a long process to reach isolated communities. New training schemes will help keep the younger generation on the land, but for many, farming holds less glamour than an office job in Muscat or easy money in the Emirates.

Enterprise

Travelling round Oman's rugged countryside, the overwhelming impression is of self-help and individual enterprise. At each major junction of a town or village is an irregular row of shops, offering tyre repairs, lurid matresses, or pepsi and sandwiches. A six-foot shark is slung over a donkey to bring to the suq, and dates and mangoes are cut for sale. Cement mixers churn in the remotest places making cement for the handmade grey blocks that have replaced mud bricks. Building styles however remain unchanged.

But despite all the enterprise, the skills needed for a modern economy are mainly lacking. Education has been generally available for at most 11 years, but it takes longer to train generations of skilled technicians. Technical colleges are being opened wherever possible, but the university planned for 1986 will not produce graduates until 1989. Development of new industry will inevitably be slow, and for some time will remain orientated towards the home market. The government has made very real efforts to diversify the economy in recent years, but it is perhaps in agriculture that the country's future potential lies.

Above: classroom studies in agricultural techniques. Below: the Omantel earth satellite station at Al Hajer



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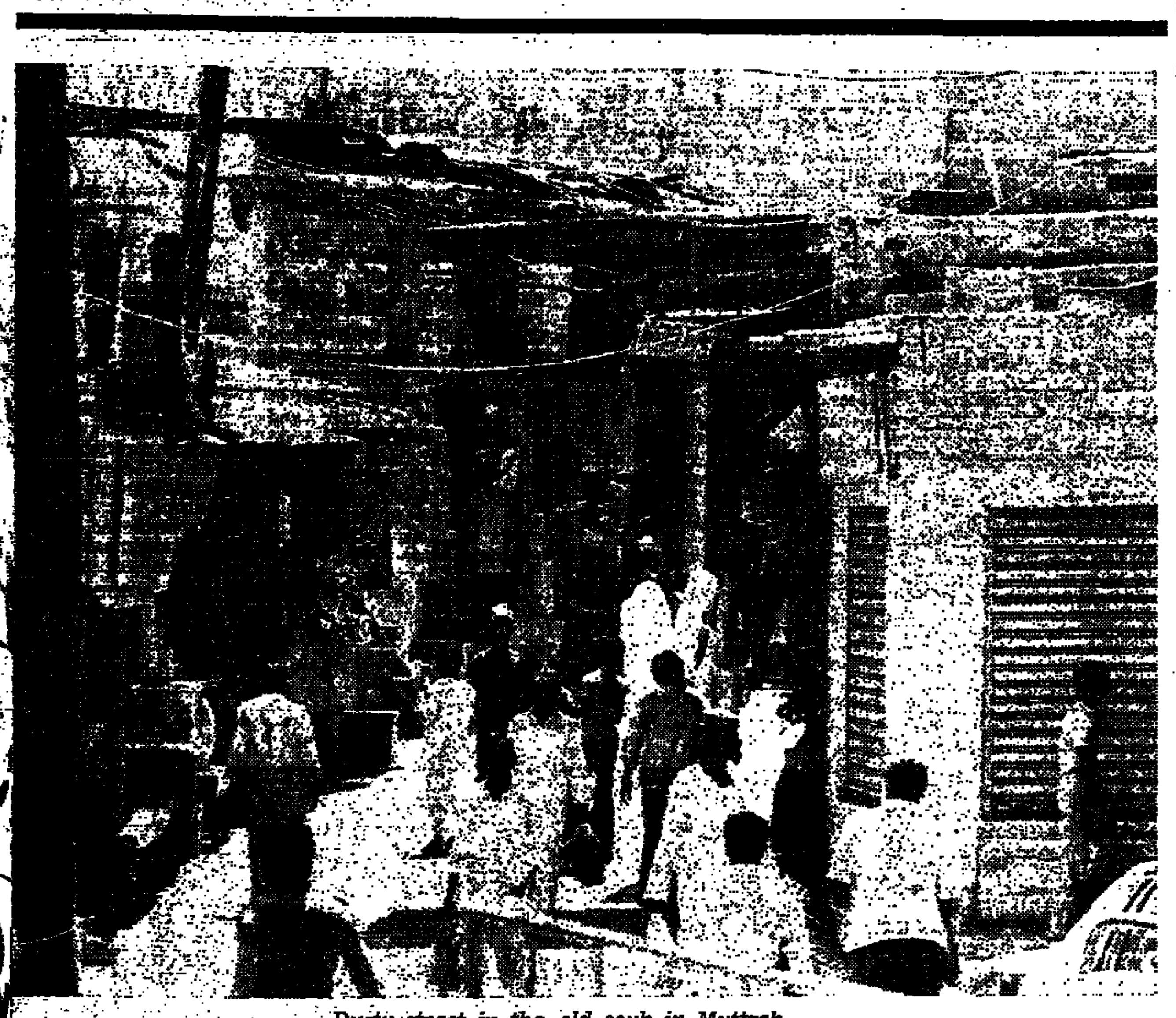


Dusty street in the old souk in Muttrah

The shortage of trained Omani staff is a serious problem in the ...untry's medical and educational services, as Alison Brown reports

... big increase in educational and medical services

...RNING in the dusty ...s of Muttrah, goats ...rom a passer-by, and a ...men set up temporary ... a corner, crouching in ...ade beside displays of ... gum, pencil sharpeners ...ibbling pads. Suddenly, ...ice is shattered by high ...oices as the girls pour ...school, dressed in immac... ...hite trousers and tunics, ...vered with pale yellow ... They smile shyly at a ...r, pause to spend a few ... sweets and hurry home.

... girls have opportunities ...others never had, since ... particular emphasis on ...'s education in Oman. ... ten years ago there were ...ol places for girls, young ... now hold posts in police, ...ent, banks and schools.

...'s education has ...ed from nothing in a ... and a university is ... for 1986. In 1970, three ...rimary schools taught ...ils—the population was 850,000. By the end of ...ere were 363 schools, ...upils, and 4,325 teachers. ...ducation system will ...ly provide six years ... schooling, three pre-... and three secondary ...out the country.

...cher in the early days ...ers the difficulties—no ...nt or books, temporary ...s and pupils of all ages in the first grade. Even now children in their teens start with six year olds. Absenteeism is rare.

The government is building permanent school buildings to replace temporary huts, tents and straw barrasti shacks, set up in the early days; RO 40m is to be spent in the five-year plan, nearly two-thirds of the education ministry's capital budget.

Popular

In June 1981 the first class of students to complete primary and secondary education in Oman graduated from the Sultan's School at Seeb, a private, prestige school designed to give children of richer parents a good education in Oman. It is run on American lines and most pupils are bilingual in Arabic and English. The school has proved immensely popular.

The national education programme has two main aims: to provide everyone with some opportunity to learn, and to train skilled manpower the country badly needs. There are 164 adult education centres and this should be nearly doubled by 1986. The UN Development Programme has been advising on literacy campaigns teacher training, and other curriculum development.

A problem of the early days was that text books and teachers were all imported. Education minister Mr Yahya Mafouz al Munziri is pleased that many text books are now specially written for Oman. Three new teacher training colleges are scheduled, and Egyptian and other foreign teachers are gradually being replaced by Omanis.

A fairly small proportion of children continue through to secondary school, but many instead go to technical college or a vocational training centre. Youngsters who join the police and army also receive further training.

Vocational training courses are run by the Ministry of Social Affairs and Labour as part of the country's manpower planning. The centres teach basic mechanical and business skills such as lathe work, carpentry, car repairs, typing and book-keeping. Each takes about 120 full time pupils and many more part-timers.

Among schoolchildren there is intense competition. The government organises educational trips abroad during the summer for top pupils, and many Omanis receive further education overseas. Places are organised through the British Council, Omani-U.S. Joint Commission for Technical Co-operation and other agencies, and bright pupils compete hard for scholarships.

The university was announced by Sultan Qaboos last year in addition to the proposed inter-Gulf university, and will probably be funded from reserve funds since it is not included in the five year capital spending. Originally it was to have been built in Nizwa, but shortage of water led to the choice of a new site at Rusail in the capital. A construction and design team were appointed in October, a UK group of firms including Cementation International, YRM International, and D G Jones.

Village work

The social affairs ministry also runs a community development programme with strong educational emphasis. Social workers live in remote villages encouraging villagers to work together on projects such as mending the falaj irrigation channels, building a new school or clearing the villages.

Literacy classes and health education are an important part of the scheme. Villagers in one of the pilot villages where literacy teaching and other work began five years ago were recently visited by a top official. When asked what else they would like to see in their community they said typing classes. Other welfare services include care of the blind. During recent floods tents and blankets were immediately available for the homeless and cash handouts were made for others whose homes were damaged.

Oman has concentrated on improving basic health care before investing in sophisticated equipment found elsewhere in the Gulf, and the system is Government run, unlike the semi-private system operated in the UAE. The worst diseases include malaria and trachoma in the north and tuberculosis in Dhofar. It is still a common sight to see an elderly man, eyes infected with trachoma, being led across the road by a young boy. Malaria is worst in the winter, or after a sudden summer flood, when mosquitoes breed. Tuberculosis is caused by the damp southern climate when for three months monsoon mists hang over the land.

Vaccination and health education are gradually reducing these diseases and malnutrition is no longer a serious problem. Travelling medical teams visit outlying areas, and in one of the community development villages, incidence of trachoma — fairly easily cured in its early stages—was reduced from 90 per cent to 25 per cent in four years.

Improvement

Hospital care is rapidly improving. In 1970 there were 12 hospital beds, now increased to 1,784. There are three main hospitals in the country. Khoula hospital in the capital has a good general surgical unit, and a new wing was opened on National Day last year providing private beds, intensive care, burns and physiotherapy units. This year a 60-bed psychiatric wing is planned.

At Nahda hospital in Muscat which specialises in ear, nose and throat treatment, and in Salalah facilities in the 300-bed Qaboos hospital rival those in the capital. There are 11 other smaller hospitals as well as an increasing number of health centres, maternity clinics and dispensaries on which RO 28m is being spent in the current five-year plan.

The rural health service in Dhofar is particularly interesting. In the wild hills encircling Salalah, tribesmen follow a semi-nomadic life following grazing for their livestock in winter and settling during the wet summer when grass is abundant. The jebel is slowly being opened by new roads—wells and Government centres are being built—but many areas can still only be reached on foot or by plane. Beyond the hills lies the Negd desert inhabited by the bedouin Harasis tribe.

To reach such communities the rural health service formed the only flying doctor team in the Gulf. Twenty-five clinics were set up, permanently manned by a barefoot medic, and visited once a week by one of five medical teams. Each team has a doctor, nurse and interpreter for the four non-Arabic languages spoken. Each day two Air Force planes fly out, and the remaining visits are made by four-wheeled drive vehicles.

Many of the illnesses are minor, and medicine is dispensed with a short talk on health care. Though old herbal cures are still used, the teams are rapidly succeeding in stamping out cauterisation—a gruesome traditional remedy.

The critical problem in medicine as in education is shortage of trained Omani staff, particularly nurses and technicians. Al Rahma school of nursing in Muscat was opened in 1970 and runs three-year courses. It will be extended this year for 200 more students, and will also teach paramedical trainees. A malaria training centre giving six-month courses to villagers will also open shortly.

OMAN VI

Encouraging potential for the development of fishing resources

THE DEVELOPMENT of fisheries in Oman should prove easier than agriculture. Fishermen are not affected by the ever present problems of climate, lack of water and soil salination faced by Omani farmers...

In fishing the number of factors which have to be brought under control are more limited. They include equipment and repairs, harbour or beaching facilities, preservation and processing of the catch, land transport and marketing. The government must also decide whether it wants to concentrate on developing traditional Omani fishing, try to create high technology fisheries or some combination of the two.

The immediate need, for both consumers and producers, is to increase the fish catch to attract Omanis back into the industry and to lower the price at which fish can be sold profitably on the local market. Exports are quite possible because the growing population of the Gulf does not have access to a good fishery.

The five year plan estimates that there are 7 to 8,000 active fishermen, though it is not clear how many of these are part-time. Their annual catch of 60,000 tons consists largely of sardines.

Local prices need to be lowered to remain competitive with cheap imported meat—notably frozen chickens. Omani fishermen, for social as well as economic reasons, need to stay within the industry. However, to retain a core of professional—as opposed to part-time or hobby—fishermen, at a time when relatively undemanding and high-salaried jobs are to be found in the service sector of the economy, the work will need to be less physically taxing and the yield more dependable and remunerative.

The government can rely on the existing fishing sector to provide finance. The fishermen have adopted a wide range of innovations in the past two decades. Now a relatively sophisticated catching and marketing network operates out of Sur—some trucks taking fish as far as Jordan—and private money has opened ice factories at Sur and Sohar among other places. With this proof that fisherman are keen to modernise their approach the government can have confidence in the long-term value of giving them support.

This all suggests that the development priority should be at the intermediate scale. Leading fishermen need the means to travel farther from shore, to stay at sea longer, to beach or harbour their vessels more easily and to have confidence in repair facilities. Bigger catches should stabilise local prices and attract regular transport to take the surplus to markets overland. The present fleet of small vessels (huris and shashas) should benefit from the overland trade by being able to add their smaller catches to the loads. They will also continue to supply the needs of their own families and neighbours.

Previous large-scale efforts — industrial contracts with Japan and Korea and government-owned trawlers — not take a high proportion the catch or stimulate indigenous sector. However the latter has benefited some extent, from government provision of subsidi engines and aluminium but the artisanal fishermen by earning money in Gulf, have shown the ability to buy equipment at scale of operation. However the government ice plants of direct value to them and is to be hoped that the posed maintenance and repair facilities will soon be bui

RODERIC DUTT

Tough problems in agricultural sector

THE RAPID development of the oil economy in Oman has made it difficult for agriculture and the rural economy to make the major adjustments needed at the speed required.

The expansion from the present agricultural area is problematic. Consultants have concluded that only in the Sharqiya is there a proven excess of water over current requirements, and this only sufficient for 3-4,000 hectares.

The recent series of drought years in Oman, broken so dramatically in April and May of 1981, has served to show the fragility of Oman's water balance. Some major wells in the interior were yielding considerably less than anticipated, thereby limiting the area of land cultivatible.

But expension of the crop area may not be necessary, in any case. It has been calculated that Oman's future internal needs, based on a population up to 750,000 could be met by 5,000 hectares and 7,000-8,000 hectares respectively, of high and medium-value crops, a total of only about half of Oman's present cropped area.

The doubts about water availability, and the feasibility of meeting Oman agricultural requirements from the presently cropped area suggest that the main development effort should concentrate on increasing productivity. This should be feasible. High yields of a range of crops have been obtained in Oman under trial conditions, using only quite modest techniques.

Grain crops, however, are a major problem. Rice, the staple, cannot be grown. Wheat can no longer be grown economically on Oman's small farms in competition with cheap Australian imports.

Wheat might be a suitable crop for Oman's reportedly large reserves of fossil water in the south-west. It might provide long-term "food security" and it would not compete with the output of Oman's long-established farming communities.

Garden areas

Other agricultural products, if they can be grown in Oman at all, can all be provided from the present garden areas. Intensive stock-farming (up to 100 head of sheep and goats per hectare) has been proved feasible on the Batina coast; livestock and livestock products are in very short supply in Oman and form an important part of the food import bill.

A few successful small farms, often with Egyptian management and labour, are showing that cash yields can also be high for fruit and vegetable crops.

There are constraints, however, on the intensification of farming. These are the outmoded farm systems which dominate land use. Date palms occupy 70-80 per cent or more of the cropped land and yet make very little money per hectare, particularly on the Batina coast where the palms are of poor quality.

Lime trees, previously a successful cash crop, are now beset by disease and pest problems and limes have a market value which fell during the late-1970's. Wheat, no longer a viable crop in the interior, has not been replaced by one which will yield a good return. Livestock and fruit production need a thorough re-organisation.

A second constraint, in part a result of the first, is migration of rural manpower. People have drifted away, partly because of the regular salaries in the service sectors of the economy (created by oil wealth) and partly because the farmers have no understanding of the new farm systems needed to replace the out-moded ones.

Of special concern are the falaj-irrigated villages of the interior. The falaj is an underground tunnel bringing water to oases. Their economic productivity does not repay their current cost of upkeep, and the decline in the wheat area, leaving many fields unused, makes matters worse. A problem peculiar to the falaj gardens is that they are watered on a 6 or 8-day rotation which is too infrequent to support most high-value crops. But this restriction must be overcome if the villagers are to have an incentive to keep their falajs in operation and if the present government maintenance aids is to have a long-term benefit.

Despite the problems, there are, nevertheless, reasons for optimism in rural Oman. Firstly, there has been no marked tendency for families to migrate to the towns; the migrant workers still regard the villages as their homes and they remit money accordingly. The rural population, with this financial boost, has shown itself to be extremely active. Money has been invested into all aspects of village life including agriculture.

Secondly, despite the apparent severity of environmental conditions for agriculture in Oman, the land is potentially very productive, with a 12-month growing season for some crops.

But how can Government best exploit these strengths in helping to resolve the underlying problems, in a country where encouragement of private enterprise is central to the philosophy and where almost all the land is owned by a very large number of widely scattered small farmers?

Priorities

Firstly, the Government must introduce and develop remunerative new agricultural systems at the appropriate small-farm level. Capital, to boost the adoption of these innovations, will be made available through the new agriculture and fisheries credit bank.

Secondly, the Government must keep farm prices high enough to stimulate production. To this end, the Government will need to keep under constant review the price and quantity of food imports and the areas of possible conflict between the state and private sector, and between the highly capitalised large farms and the small-farm sectors.

During the first decade of the new regime, under Sultan Qaboos, many agricultural projects were started, from the development of the research stations to the opening of extension centres.

The lessons learned from this experience have all contributed to the long and considered review of priorities incorporated into the 1981-85 agriculture plan, in which a series of interdependent projects, aimed at the fundamental problems, have been given weighted priority and scheduling.

A greatly strengthened planning unit, within the Ministry of Agriculture and Fisheries, has been very active since the plan's inception, in a commendable show of determination to keep the plan on course.

Farming and fishing have to be seen in the context of the wider rural economy; they are only the two major sides of a multifaceted system. They have received official Omani and international support but many other aspects of the rural economy have been neglected, because they are large in number, each individually small.

However, it should be noted that the Ministry of Agriculture broadened its agricultural interests to include the craft industries of beekeeping, and spinning and weaving, thereby strengthening the link between the primary crop and stock growers, and the dependent activities of honey and textile production.

The Ministry of National Heritage has also been active in the support of weaving (mainly cotton weaving), but it is the Ministry of Social Affairs and Labour which has adopted the most comprehensive approach to the development of the interdependent social and economic networks which make a rural community. Through its rural community development programmes, such as the one based in Rostaq, it has initiated a two-way exchange of information and ideas with the people of the region, particularly the women.

The aim is to improve social services and to promote potentially moneymaking craft industries to fit new markets. With the latter aim in mind, the Rostaq centre has extended its field of interests to the Batina coast, to incorporate a programme of spinning and weaving revival.

However, other traditional skills of the artisan are endangered. What is the future for leather work, milk processing, boat-building, rope-making and pottery?

Some of these age-long skills could be revitalised to find a place in the modern economy and thus help preserve, in a modern fashion, the richness and depth of rural life.

Such skills, using local raw materials, can continue to provide some products to farmers and fishermen—or process the harvests that their work yields. Among the local raw materials available are also sun and wind energy which could play a significant role in remote areas as the oil reserves decline.

As for rural industry not traditional to the area private enterprise has been active during the past decade. This is to be seen in the rapidly increasing number of garages wood and metal workshops and small-scale cement building-block factories. The capital and some of the skilled labour are provided by Omanis but much of the labour is imported from the Indian subcontinent. To correct this shortage of skilled labour the Ministry of Social Affairs has opened a number of trade schools and more are planned.

Meanwhile governmenta works are spreading throu the rural area. Electricity tually to be produced fr gas-powered national grid have the biggest impact c way of life. But roads and are giving a new mobilit unity to the country. Muni ties are expanding their and their cleaning service coping with some of the s imposed by increasing sumerism. They and the force are new centre centres of authority in areas finding their places side the sheikhs and the The integration of these structures will take tim given the rapidity of cha is proceeding remai smoothly.

Rural Oman has in many been battered by the in effects of oil wealth bu opportunities for change a velopment created by this wealth are being increa exploited.

Roderic Du

The writer is research in the Department of Geog Durham University, and ge director of the Durham U sity Khabura Develop Project in Oman.

The Unesco-aided agricultural school and experimental farm at Nizwa offers a three-year diploma course and a one-year certificate course

Instruction in threshing techniques at an experimental farm at Nizwa

CURRENCIES, MONEY and GOLD

APPOINTMENTS

Dollar easier

ar lost ground to other currencies in the foreign age market yesterday. ng was fairly dull for the part in Europe, but the U.S. ncy fell quite sharply in afternoon as New York st rates took another vard turn with Chase Man- Bank leading the way to rates of 18½ per cent. ollar rates, which were during the morning, fell out ½ per cent on the day. lling improved against the and major currencies in al, finishing slightly ainst the very strong Swiss

opean currencies rose st the dollar. The Danish was the strongest member he European Monetary m once again, while the k weakened slightly at the n of the system. The Swiss nal Bank probably gave er support to the D-mark, fell to its lowest level for three years against the franc.

LLAR — trade-weighted (Bank of England) fell to from 107.0. The U.S. cur- fell to DM 2.2125 from 2190; against the D-mark; 227 from Y228 against the to FFr 5.5825 from 5.5925 in terms of the h franc: and to SwFr 1.76 SwFr 1.7710 against the franc.

ERLING — trade-weighted (Bank of England) rose 4 from 89.2, after opening 3 and standing at 89.3 at The pound opened at 25-1.8835 and fell to a low 1.8800-1.8810 in the morn- It touched a peak of 00-1.9040 in the afternoon, closed at $1.8945-1.8955, a of 1.80 cents on the day. ing rose to DM 4.1950 from 4.17; to Y430.50 from 50; to FFr 10.5750 from 10.5050; and to SwFr 3.3375 SwFr 3.33.

D-Mark—Weakest member of the European Monetary System following the recent currency realignment, but recovering after trading close to its divergence limit for several weeks. It has also improved in terms of the dollar following a weaker trend in U.S. interest rates and despite fears of a less favourable economic outlook for the Federal Republic. The improvement is largely the result of the recent decline in New York rates and has been encouraged by dollar sales by the Bundesbank—The D-mark weakened against most currencies at the Frankfurt fixing; but rose slightly against the dollar in quiet trading. The Bundesbank did not intervene when the U.S. currency fell to DM 2.2083 from DM 2.2138 at the fixing. In the afternoon the dollar eased to DM 2.2050. Euro-dollar interest rates showed little change in early trading and with no new factors to influence the market trading was quiet. The pound rose to DM 4.1700 from DM 4.1580 at the fixing, and the Swiss franc to DM 1.2483 from DM 1.2470. The D-mark touched its lowest level for over three years in Zurich yesterday.

ITALIAN LIRA — Reasonably firm within the EMS following the latest reshuffle of the system, involving a devaluation of the weaker members including the lira. Italy's poor economic performance and high inflation, compared with several other EMS currencies, is likely to lead to a further depreciation particularly against the D-mark—The lira improved against the dollar, sterling and the D-mark at the Milan fixing, but lost ground to the very firm Swiss franc. The U.S. currency fell to L1,181.55 from L1,183.55; the pound to L2,228 from L2,229; and the D-mark to L534.53 from L535.02. The Swiss franc touched a record L669 in the morning, and was fixed at L67.98, compared with L667.90.

THE DOLLAR SPOT AND FORWARD

Nov 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8800-1.9010	1.8945-1.8955	0.27-0.17c pm	1.39	0.60-0.50 pm	1.16
Ireland†	1.6000-1.6070	1.6000-1.6030	0.55-0.45c pm	3.75	1.55-1.45 pm	3.75
Canada	1.1878-1.1910	1.1882-1.1887	0.41-0.46c dis	−4.39	0.91-0.96dis	−3.15
Nethlnd.	2.4150-2.4265	2.4150-2.4175	0.35-0.30c pm	1.61	1.14-1.07 pm	1.82
Belgium	37.03-37.18	37.11-37.13	8-11c dis	−3.07	32-37 dis	−3.72
Denmark	7.1150-7.1315	7.1175-7.1225	par-¼ore dis	−0.21	¼-1 dis	−0.42
W. Ger.	2.2020-2.2160	2.2120-2.2130	0.53-0.48pf pm	2.74	1.70-1.64 pm	3.02
Portugal	63.80-64.20	64.00-64.20	30-120c dis	−14.03	70-250 dis	−9.98
Spain	95.10-95.30	95.25-95.30	15-25c dis	−2.52	45-55 dis	−2.10
Italy	1,180½-1,182½	1,181¼-1,182¼	8¼-9¼ lire dis	−8.89	26-29 dis	−9.31
Norway	5.8345-5.8520	5.8345-5.8375	0.20ore pm-0.20 dis	—	0.60-0.20 pm	0.27
France	5.5575-5.5900	5.5800-5.5850	1.60-1.80ore dis	−3.87	5.90-6.30dis	−4.38
Sweden	5.4600-5.4770	5.4620-5.4670	0.65-0.45ore pm	1.21	2.20-2.00 pm	1.54
Japan	226.50-228.00	226.95-227.05	1.30-1.15y pm	6.47	3.80-3.65 pm	6.56
Austria	15.45-15.52	15.45-15.48	5¼-3¼gro pm	3.49	10½-8½ pm	2.45
Switz.	1.7550-1.7780	1.7595-1.7605	0.75-0.65c pm	4.77	1.85-1.75 pm	4.09

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

Nov 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8800-1.9010	1.8945-1.8955	0.27-0.17c pm	1.39	0.60-0.50 pm	1.16
Canada	2.2400-2.2575	2.2550-2.2560	0.50-0.60c dis	−2.93	1.05-1.25dis	−2.04
Nethlnd.	4.55-4.60	4.58¾-4.59¾	1¼-¾c pm	2.61	3½-2½ pm	2.72
Belgium	69.80-70.45	70.30-70.40	2-12c dis	−1.19	30-40 dis	−1.99
Denmark	13.42-13.54	13.52½-13.53½	2-1ore pm	1.33	3¼-1¾ pm	0.70
Ireland	1.1735-1.1856	1.1830-1.1850	0.18-0.28p dis	−2.33	0.73-0.84dis	−2.65
W. Ger.	4.15-4.20½	4.19-4.20	1¾-1½pf pm	4.29	4½-4 pm	4.05
Portugal	120.00-121.75	121.20-121.50	40-235c dis	−13.60	100-465 dis	−9.31
Spain	179.25-181.00	180.70-180.90	5-25c dis	−0.99	45-75 dis	−1.33
Italy	2,224-2,245	2,243-2,245	12½-15½ lire dis	−7.49	43-47 dis	−8.02
Norway	11.01-11.07	11.06-11.07	1¾-1½ore pm	1.69	6½-5¾ pm	2.21
France	10.49-10.59	10.57-10.58	1½-2½c dis	−2.27	7¾-8¾ dis	−3.12
Sweden	10.29-10.37	10.36-10.37	2½-1½ore pm	2.24	6½-5½ pm	2.38
Japan	426-433	430-431	2.90-2.60y pm	7.66	8.00-7.70 pm	7.29
Austria	29.15-29.40	29.32-29.37	13-8gro pm	4.29	29-19 pm	3.27
Switz.	3.31-3.35	3.33¾-3.34¾	1¾-1½c pm	5.39	4¼-3¾ pm	4.78

Belgian rate is for convertible francs. Financial franc 78.60-78.70. Six-month forward dollar 0.75-0.65c pm, 12-month 0.75-0.60c pm.

CURRENCY MOVEMENTS

Nov. 12	Bank of England Index	Morgan Guaranty Changes%
Sterling	89.4	−34.6
U.S. dollar	106.7	+0.8
Canadian dollar	88.1	−16.5
Austrian schilling	119.0	+25.0
Belgian franc	107.2	−9.6
Danish kroner	89.4	+8.5
Deutsche mark	123.9	+44.1
Swiss franc	156.6	+107.0
Guilder	115.9	+20.3
French franc	82.2	−13.5
Lira	56.1	−57.4
Yen	139.5	+34.1

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

Nov. 11	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	—	0.585426
U.S. $	13	—	1.10148
Canadian $	17.62	—	1.31274
Austria Sch.	6¾	—	17.1390
Belgian F	13	—	40.9255
Danish Kr.	11	—	7.85795
D mark	7½	—	2.43427
Guilder	9	—	2.67715
French Fr.	9½	—	6.16002
Lira	19	—	1302.50
Yen	6¼	—	251.027
Norwgn. Kr.	9	—	6.45302
Spanish Pts.	8	—	104.751
Swedish Kr.	11	—	6.04161
Swiss Fr.	6	—	1.95182
Greek Dr'ch.	20½	—	61.9968

OTHER CURRENCIES

Nov. 12	£	$		£ Note Rates
Argentina Peso	12,117-12,137†	6415-6435†	Austria	29.10-29.40
Australia Dollar	1.6490-1.6510	0.8740-0.8745	Belgium	77.80-78.80
Brazil Cruzeiro	219.62-220.62	116.33-116.91	Denmark	13.40-13.52
Finland Markka	8.228-8.240	4.3370-4.3390	France	10.47-10.57
Greek Drachma	103.240-106.400	55.70-55.90	Germany	4.14¾-4.18¾
Hong Kong Dollar	10.71¾-10.73¾	5.65-5.65½	Italy	2235-2265
Iran Rial	148.75*	79.40*	Japan	428-435
Kuwait Dinar (KD)	0.527-0.533	0.2813-0.2816	Netherlands	4.54¼-4.59½
Luxembourg Fr.	70.30-70.40	37.11-37.13	Norway	10.98-11.08
Malaysia Dollar	4.26-4.27	2.2465-2.2495	Portugal	119-130
New Zealand Dlr.	2.2740-2.2780	1.2050-1.2060	Spain	176-188
Saudi Arab. Riyal	6.41-6.47	3.4175-3.4195	Sweden	10.27-10.37
Singapore Dollar	3.89-3.90	2.0515-2.0545	Switzerland	3.32-3.36
Sth. African Rand	1.8155-1.8165	0.9580-0.9586	United States	1.87½-1.89½
U.A.E. Dirham	6.88-6.94	3.6715-3.6735	Yugoslavia	81-87

†Rate given for Argentina is the commercial rate. The financial rate for sterling is 21,365-21,385 and for the dollar 11,300-11,350.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 12	% change from central rate	% change adjusted for divergence	Divergence limit %
n Franc	40.7572	40.9748	+0.53	+0.29	±1.5368
Krone	7.91117	7.86565	−0.58	−0.82	±1.6412
n. D-Mark	2.40989	2.43719	+1.13	+0.89	±1.1077
Franc	6.17443	6.14898	−0.41	−0.65	±1.3733
Guilder	2.66382	2.67191	+0.30	+0.06	±1.5063
unt	0.684452	0.688428	+0.58	+0.34	±1.6688
Lira	1300.67	1303.84	+0.24	+0.24	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for November 12 .... 0.585127

EXCHANGE CROSS RATES

Nov. 12	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Sterling	1.	1.895	4.195	430.5	10.575	3.338	4.593	2244.	2.256	70.35
ollar	0.528	1.	2.214	227.2	5.580	1.761	2.423	1184.	1.190	37.12
chemark	0.238	0.452	1.	102.6	2.521	0.796	1.095	534.9	0.538	16.77
ese Yen 1,000	2.323	4.402	9.744	1000.	24.56	7.753	10.67	5213.	5.239	163.4
h Franc 10	0.945	1.792	3.967	407.1	10.	3.156	4.343	2122.	2.133	66.52
Franc	0.300	0.568	1.257	129.0	3.169	1.	1.376	672.4	0.676	21.08
Guilder	0.218	0.413	0.913	93.74	2.303	0.727	1.	488.6	0.491	15.32
Lira 1,000	0.446	0.844	1.869	191.8	4.713	1.487	2.047	1000.	1.005	31.35
dian Dollar	0.443	0.840	1.860	190.9	4.689	1.480	2.036	994.9	1.	31.19
n Franc 100	1.421	2.694	5.963	611.9	15.03	4.744	6.528	3190.	3.206	100

LONDON INTERBANK FIXING (11.00 a.m. NOVEMBER 12)

3 months U.S. dollars		6 months U.S. dollars	
bid 13 7/8	offer 14	bid 14	offer 14 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Nov. 12	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
term	15⅝-15⅞	13⅛-13⅜	18-19	11⅞-12⅛	4½-5	10¾-10⅞	15¾-16¼	18-21	12-14	6⅞-7⅛
ys' notice	15⅝-15⅝	13¼-13½	18-19	12-12¼	5½-6	10¾-10⅞	16-16½	21¼-23¾	12-14⅞	7-7¼
[illegible]	15 1/16-15 7/16	13⅜-13⅝	17½-17⅞	12⅛-12¼	8⅝-8¾	10⅝-10¾	16¾-17¼	21¾-22¾	15-16¼	7-7¼
months	14⅞-15	13½-13¾	16¾-17⅛	12 1/16-12 3/16	9½-9⅝	10⅝-10¾	17⅝-18⅛	22¼-23¼	16½-17	7½-7⅝
onths	14 9/16-14 11/16	13⅝-13⅞	16½-16⅞	11⅞-12	9 5/16-9 7/16	10⅛-10¼	18⅛-18⅝	22¾-23¾	16⅝-17⅛	6⅞-7⅛
ear	14⅜-14⅝	13⅞-14⅛	16½-16⅞	11⅞-12	8⅞-9	10 1/16-10 3/16	18½-19	23-24	15¾-16¼	7-7¼

SDR linked deposits: one month 12⅞-12 13/16 per cent; three months 12 13/16-13 1/16 per cent; six months 12 13/16-13 1/16 per cent; one year 13-13¼ per cent.
ECU linked deposits: one month 14-14⅛ per cent; three months 14 5/16-14 11/16 per cent; six months 14 5/16-14 11/16 per cent; one year 14 5/16-14 11/16 per cent.
Asian $ (closing rates in Singapore): one month 13 11/16-13 13/16 per cent; three months 13 15/16-14 1/16 per cent; six months 14-14⅛ per cent; one year 14⅛-14½ per cent.
Long-term Eurodollar two years 14¾-15 per cent; three years 14⅞-15⅛ per cent; four years 15-15¼ per cent; five years 15-15¼ per cent nominal closing rates.
The following nominal rates were quoted for London dollar certificates of deposit: one month 13.00-13.10 per cent; three months 12.90-13.00 per cent; six months 13.05-13.15 per cent; one year 13.30-13.40.

MONEY MARKETS

London rates ease

ndon clearing bank base ding rates 15 per cent (since November 10)

terest rates eased in the in money market yesterday, ugh the shorter periods ted to the considerable tage of day-to-day funds and that conditions will be ult today as a result of the m call on 15 per cent equer 1997.

the interbank market e-month money was little nged at 15-15 1/16 per cent, nst 15 1/16-15¼ per cent, but onth funds fell to 14¾-14⅞ cent from 14⅞-14⅞ per cent. lower trend followed news further cut of ½ per cent 6½ per cent in Chase Man- an Bank's U.S. prime lend- rate. Seven-day money was nged at 15⅛-15¼ per cent ever, while the overnight touched a peak of 25-30 cent in the afternoon before ng to 10-12 per cent at the

shortage of about £250m forecast by the Bank of and in the morning, but was amended to £300m at noon and to £350m in the afternoon. The main factors were expected to be: bills maturing in official hands and a market take-up of Treasury bills —£200m, and Exchequer transactions —£65m.

The authorities gave assistance of £254m before lunch through purchases of £48m Treasury bills in band 2 (15-33 days maturity) at 14⅞ per cent; £3m local authority bills in band 2 at 14⅞ per cent; £19m local authority bills in band 3 (£34-63 days maturity) at 14 13/16-14 15/16 per cent; £38m bank bills in band 1 (up to 14 days maturity) at 14⅞ per cent; £142m bank bills in band 2 at 14⅞ per cent; and £4m bank bills in band 3 at 14⅞ per cent.

In the afternoon a further £159m of bills were bought, making the total help for the day £413m.

The Bank of England bought £25m bank bills in band 1 at 14⅞ per cent; £17m local authority bills in band 2 at 14⅞ per cent; £87m bank bills in band 2 at 14⅞ per cent £10m Treasury bills in band 3 at 14⅞ per cent and £20m bank bills in band 3 at 14⅞ per cent.

In Zurich the Swiss National Bank made one-week and two-month currency swaps with the commercial banks with the aim of preventing a further sharp appreciation of the Swiss franc.

GOLD

Further fall

Gold fell $2¾ to $410-411 in the London bullion market yesterday. It opened at $412-413, and was fixed at $412.25 in the morning and $411.50 in the afternoon. The metal touched a peak of $413-414, and a low point of $409-409½.

In Paris the 12½ kilo gold bar was fixed at FFr 73,900 per kilo ($411.70 per ounce) in the afternoon, compared with FFr 74,500 ($415.58) in the morning, and FFr 76,100 ($422.63) Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 29,395 ($413.99 per ounce), compared with DM 29,685 ($415.02) previously, and closed at $410-411, against $412-413.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $412 per ounce, against $414.50.

	Nov. 12		Nov. 11	
Gold Bullion (fine ounce)				
Close	$410-411	(£216¼-216¾)	$412-413½	(£218¾-219½)
Opening	$412-413	(£218½-219)	$413-414½	(£220½-221¼)
Morning fixing	$412.25	(£218.525)	$412.75	(£220.568)
Afternoon fixing	$411.50	(£217.875)	$412	(£219.149)
Gold Coins				
Krugerrand	$422½-423½	(£223-223½)	$424½-425½	(£225¾-226¼)
1/2 Krugerrand	$218-219	(£115-115½)	$218-219	(£116-116½)
1/4 Krugerrand	$111-112	(£58½-59)	$112-113	(£59½-60)
1/10 Krugerrand	$45¼-46¼	(£23¾-24½)	$47-48	(£25-25½)
Mapleleaf	$422-424	(£222¾-223¾)	$424½-425½	(£225¾-226¼)
New Sovereigns	$100½-101	(£53-53¼)	$101-101½	(£53¾-54)
King Sovereigns	$107-109	(£56½-57½)	$107-109	(£56¾-57¾)
Victoria Sovs.	$107-109	(£56½-57½)	$107-109	(£56¾-57¾)
French 20's	$90-100	(£47½-52)	$90-100	(£47¾-53½)
50 pesos Mexico	$508-511	(£268-269½)	$510-513	(£271¼-272¾)
100 Cor. Austria	$397-401	(£209½-211½)	$400-404	(£212¾-214¾)
$20 Eagles	$505-510	(£266½-269½)	$535-540	(£284½-287¼)

MONEY RATES

NEW YORK

rate	16½-17
funds	13½-13¾
ury bills (13-week)	10.50
ury bills (26-week)	11.18

GERMANY

al Lombard	11.0
night rate	10.85
month	11.05
months	11.30
months	11.00

FRANCE

ention rate	15.25
night rate	16.00
month	15.625
months	15.625
months	15.625

JAPAN

ount rate	6.25
(unconditional)	6.875
discount (three-month)	7.40625

LONDON MONEY RATES

Nov. 12 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10-30	15¼-15½	—	—	14-15½	10-15	—	—	—
2 days notice	—	—	15-15⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	15¼-15½	15⅛-15¼	—	—	15¾	14¾-15	—	—	—
One month	15¼-15⅛	15⅛-15½	15⅛	16⅛-15⅞	15⅛	16½-15⅝	14¾	14¾-14⅞	14¾-14⅞	15⅜
Two months	15⅛-14⅞	15-15 1/16	—	15⅝-15	15⅛	15½	14⅝	14½	14½-14⅝	15⅛
Three months	14⅞-14⅝	15-15 1/16	15⅛	15⅛-14⅞	15⅛	15⅝	14⅝-14½	14⅛-14¼	14⅛-14¼	14⅞
Six months	14⅝-14¼	14 11/16-14 9/16	14¾	14⅛-13⅞	14¾	—	—	—	13¾-13½	14⅞
Nine months	14⅝-14⅜	14⅝-14¾	—	14⅝-14¼	14¾	—	—	—	—	—
One year	14¼-14⅛	14⅞-14¾	14⅝	14½-14¼	14⅝	—	—	—	—	—
Two years	—	—	14⅞	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 15¾ per cent; four years 15¾ per cent; five years 15¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14 per cent; four month trade bills 14¾ per cent.

Approximate selling rate for one month Treasury bills 14⅝-14 11/16 per cent; two months 14⅝ per cent; three months 14-14⅛ per cent. Approximate selling rate for one-month bank bills 14⅝-14 11/16 per cent; two months 14⅝-14⅞ per cent; and three months 14-14⅛ per cent; one month trade bills 15¾ per cent; two months 14 13/16 per cent; three months 14⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16 per cent from November 1, 1981. Clearing Bank Deposit Rates for sums at seven day's notice 14 per cent. Clearing Bank Rates for lending 15½ per cent. Treasury Bills: Average tender rate of discount 14.8957 per cent.

Burmah Group makes changes

Mr K. F. D. Wilson will be appointed personnel director of BURMAH OIL TRADING on April 1 on the retirement of Mr R. A. A. Smith. Mr Wilson will be succeeded as managing director, Burmah Castrol UK by Mr P. Fairclough, at present director, lubricants.

Other appointments, resulting from the formation of an investment division of the Burmah Group will take effect on January 1. Mr A. Bentley, at present director, group administration and secretarial, and company secretary of the Burmah Oil Company, will be appointed chief executive of the investment division. Mr H. W. Joynt, currently chief executive, Quinton Hazell Automotive Europe, will be appointed director, management services division. Mr M. A. R. Hastings, a director of Burmah Oil Trading and head of group legal department, will additionally be appointed company secretary of the Burmah Oil Company.

Burmah's new investment division will comprise the following subsidiaries: Burmah Engineering Services; Flexibox; Kerry Ultrasonics; Rawlplug; and Tabbert Wohnwagenwerke; together with a number of trade investments.

*

TRICENTROL has appointed Mr Peter M. S. Longcroft as deputy chairman. He is currently chairman of Tricentrol Oils, a wholly-owned subsidiary responsible for all Tricentrol's North American operations, based in Calgary. The post of chairman of Tricentrol Oils will now be assumed by Tricentrol's chief executive, Mr Graham Hearne.

*

Mrs George Maxwell has been appointed to the board of MATTHEW CLARK AND SONS (HOLDINGS).

*

TYNE SHIPREPAIR, a subsidiary of British Shipbuilders, has appointed Mr Bob Jenkins, formerly sales and marketing director, as production director.

*

BRITISH GAS has appointed Mr Fred W. Plowman as public relations adviser. He was previously the Corporation's Press and public relations manager.

*

Mr Alwyn Wise has been appointed managing director of INDEPENDENT TELEVISION PUBLICATIONS from January 1. The company publishes TV Times Magazine and Look-in.

*

Mr Angus Stewart Macdonald has been appointed to the board of GRAMPIAN TELEVISION.

*

Mr D. G. "Tiny" Milne has joined the board of FLUOR (GREAT BRITAIN) as a director. Until his retirement this year, Mr Milne was managing director and chief executive of BP Oil.

*

Professor Robert Carter of Nottingham University, who holds Britain's only Chair of Insurance Studies, has joined the Council of the INSURANCE OMBUDSMAN BUREAU.

*

Mr S. F. Jennings has been appointed a director of GUINNESS MAHON AND CO.

*

Mr Michael J. Hyslop has joined ULTRA ELECTRONIC CONTROLS, Acton, as financial director. This is a Dowty Group electronics division company.

*

Mr Richard F. Pearson has been appointed managing director of WELLMAN ALLOYS.

*

Mr H. C. "Tom" Nicholas has been elected Chief Barker (president) of the children's charity organisation, THE VARIETY CLUB OF GREAT BRITAIN, and takes office on January 1. He is managing director of Columbia-EMI-Warner Distributors.

*

Mr J. D. Williams has been appointed deputy secretary and Mr R. S. Aspinwall an assistant secretary, at COMMERCIAL UNION ASSURANCE.

*

Mr P. H. D. Crichton has been appointed a director and deputy chairman of F AND C ORIENTAL FUND in place of Mr D. A. H. Baer who has resigned.

*

Mr Jeremy Pope, chairman of the Confederation of British Industry's smaller firms council, has been appointed a member of the NATIONAL ECONOMIC DEVELOPMENT COUNCIL. He is a director of Eldridge Pope, a family firm of brewers and wine merchants, based in Dorchester.

*

CAVENDISH LIFE ASSURANCE SERVICES (UK), a DiCarlo group company, is expanding its board with the appointment of Mr Antony Chancellor and Mr Patrick Ravenhill as directors. Mr Chancellor, who has also been appointed investment advisor to the DiCarlo Group, was for 12 years investment director of the Dawnay Day Group before becoming a director at Tring Hall Securities.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

Adig Investment
Postfach 708, 8000 Munich 1. Telex 524269
[illegible]

Eurobond Holdings N.V.
Pietermaai 15, Willemstad, Curacao.
London Agents: Intel 15 Christopher St., EC2
Tel: 01-377 1040. Telex 8814408.
Euro Hldgs. | US$20.22 | 20.87 | ..... | 9.50

S.G. Europe Obligations S.A.
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury Hse, London Wall EC2M 5TA. Tel. 01-920 0776 Telex 887281
[illegible]

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong
[illegible]

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
[illegible]

[illegible]

Early Dow rise on prime cut

A CUT in the prime rate by two major banks sent stock prices higher in brisk trading at mid-session on Wall Street.

The Dow Jones Industrial Average was up 9.42 to 864.54 at 1 pm, while twice as many issues advanced as declined. Turnover climbed to 40.54m shares, against 29.46m on Wednesday.

The NYSE All Common Index was 43 cents higher at $71.97.

Chase Manhattan and First National Bank of Chicago reduced their prime rate by half a percentage point to 16½ per cent, the lowest in a year.

Marathon Oil Company, hoping to foil a takeover attempt by Mobil Corporation, fell 1⅞ to $82½. Mobil, which is offering $85 a share for Marathon's stock, added ⅛ to $24⅞.

Pennzoil, also regarded as a potential takeover candidate, gained 1⅝ to $50⅝.

Southland Royalty, which terminated merger discussions on Wednesday, fell 3⅛ to $24¾ in active trading.

Bally Manufacturing, the volume leader, climbed ⅜ to $30½ on over 628,000 shares.

Exxon Corporation, also active, edged up ⅛ to $30⅛ on 378,900 shares.

THE AMERICAN SE Market Value Index was 3.70 ahead to 325.06 at 1 pm on volume of 4.05m shares (2.57m).

Hudson Bay Oil and Gas, the most active issue, rose ⅝ to $41¾ on 188,300 shares.

Dome Petroleum, also among the heavily traded issues, was unchanged at $11 on 109,800 shares.

Canada

Stock prices showed modest gains at mid-session, although the market was awaiting last night's Federal Budget.

The Toronto Composite Index was up 6.3 to 1,946.0 on volume of 3.04m shares (2.07m).

Advances were led by the Real Estate and Construction issues, with the index up 141.9 to 6,823.8.

Mr John Fairlie, research manager at Midland Doherty, attributed the gain in the Real Estate and Construction index to yesterday's drop in the prime rate by two major U.S. banks.

In addition to relief over interest rates, there has also been speculation that the Budget might provide some badly needed help for the construction industry.

Hong Kong

Stocks closed at or near their day's lows after a steady start, with profit-taking depressing the market from midday.

Prospects of another cut in local interest rates, which accounted for the market advances early this week, are diminishing, restraining local buying, brokers said.

Trading was moderately active, and the Hang Seng Index lost 23.01 to 1,413.43, against a 2.88 gain at 11 am and Wednesday's 0.97 rise.

Hongkong Wharf and World International fluctuated widely but finished lower, losing 15c to HK$6.65 and 20c to HK$3.60 respectively.

Most leaders also declined. Cheung Kong fell 40c to HK$22.30, Jardine Matheson 50c to HK$17.40, Hongkong Land 35c to HK$9.85 and Hongkong Bank 20c to HK$14.70.

Second liners moved generally in line with leaders, to finish easier.

Tokyo

Share prices closed slightly higher on selective buying in incentive-backed and High Technology issues, but export oriented issues and Steels fell.

The Nikkei Dow Market Average rose 2.44 to 7,505.02 on thin volume of 200m shares (240m), and the Tokyo Stock Exchange index added 0.29 to 552.83.

Honda Motor gained Y9 to Y881 on news that it and BL will jointly develop a new car.

Communications, Industrial Robots, Machine Tools, Optical Fibres and Drugs rose, but Steels fell sharply on poor business reported by Kawasaki Steel Corporation, which lost Y7 to Y176.

Furukawa Electric rose Y11 to Y340 after a sharp increase in half-year profits, followed by Sumitomo Electric, up Y10 to Y558, Nippon Electric Y3 to Y715, Fujitsu Y9 to Y645 and Iwasaki Electric Y42 to Y898.

Many Drugs were bought, with Kaken Chemical gaining Y100 to Y1,600, Fujisawa Y30 to Y1,260 and Banyu Y32 to Y683.

Major gainers included Hitachi, up Y8 to Y641, Yasukawa Electric Y22 to Y898, Hitachi Seiki Y8 to Y436 and Heiwa Real Estate Y7 to Y602. Oils, Constructions, Foods and Chemicals were also favoured.

Sumitomo Metal Ind fell Y4 to Y253 on poor half-year after-tax profits, followed by Nippon Steel, down Y4 to Y175.

Australia

Mineral stocks slipped but selected Industrial issues held their ground, with some gaining, in dull trading.

The All Ordinaries Index fell 3.3 to 568.2 at the close.

Key Metal, Oil and Gas stocks weakened on the gold price decline, while base metal prices eased as concern about the severity of the U.S. recession began to dominate sentiment.

CRA slid 9c to A$3.85 and Western Mining fell 9c to A$3.90. BHP finished 5c down at A$10.20, having earlier reported the offshore Victorian exploration well Yellowtail No 1 was being plugged and abandoned.

The National Bank was steady at A$2.95 after reporting a sharp profit rise.

CSR fell 15c to A$4.15, MIM 7c to A$3.23, Central Norseman 20c to A$7.20, and Santos 2c to A$5.38. But AOD gained 10c to A$1.60.

Germany

Most shares closed higher on moderate buying, triggered by a firmer domestic bond market.

Bank shares benefited particularly from the rise in bond prices, with Deutsche gaining DM 7 to DM 272, Commerzbank DM 3.50 to DM 128.50 and Dresdner DM 1.50 to DM 13[illegible]

In Autos BMW rose DM [illegible] DM 184.50 and VW DM [illegible] DM 125, but Daimler fell DM [illegible] to DM 343.50.

As the Commerzbank In[illegible] rose 0.6 to 681.3, Siemens c[illegible] DM 1.60 higher at DM [illegible] after announcing on Wedne[illegible] it will pay an unchanged [illegible] dend for this year, but AEG [illegible] DM 1.20 to DM 43 and [illegible] DM 1.30 to DM 222.

Kloeckner featured in S[illegible] with a gain of DM 0.90 to DM [illegible]

Chemicals were in dem[illegible] with BASF rising DM 2.[illegible] DM 135, Bayer DM 1.[illegible] DM 120.80 and Hoechst DM [illegible] to DM 125, while Schering ga[illegible] DM 3 to DM 273 and Deg[illegible] DM 2.50 to DM 251.50.

The recent rally on [illegible] domestic bond market conti[illegible] and public authority loans [illegible] as much as two points, the[illegible] isolated losses of 0.10 were posted. The Bundesbank [illegible] DM 33.3m of paper to meet [illegible] demand.

Dealers said the firmnes[illegible] the market reflects slightly e[illegible] money market rates and expe[illegible] tions of falling interest rates.

Switzerland

Share prices closed mixe[illegible] moderately active trading, w[illegible] foreign and domestic bonds [illegible] fitted from a cut in custo[illegible] time deposit rates announce[illegible] four major Swiss banks.

Foreign bonds advanced [illegible] fairly active trading as bu[illegible] were also encouraged by [illegible] firmer U.S. bond market.

Paris

Share prices eased for [illegible] sixth session running in [illegible] quiet trading, with many sp[illegible] tors taking an extended b[illegible] after Wednesday's Armi[illegible] Day holiday.

Johannesburg

Gold shares closed gene[illegible] easier in quiet trading with [illegible] market awaiting a fresh [illegible] from the bullion price. But [illegible] issues met afternoon buying [illegible] port and closely slightly hig[illegible]

Closing prices for North America were not available for this edition.

Indices

NEW YORK —DOW JONES

	Nov. 11	Nov. 10	Nov. 9	Nov. 6	Nov. 5	Nov. 4	1981 High	1981 Low	Since Cm'pil't' High	Since Cm'pil't' Low
◆Industr'ls	857.12	855.88	855.21	862.45	869.11	866.82	1024.05 (27/4)	824.01 (25/9)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	58.31	58.84	58.56	57.86	—	57.26	65.78 (16/1)	54.93 (1/10)	—	—
Transport.	392.67	386.89	385.05	383.17	384.10	386.76	447.58 (16/4)	335.48 (25/9)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	109.74	108.68	108.40	107.58	106.43	108.66	117.81 (5/1)	101.28 (28/9)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000's†	41,920	53,940	48,310	43,270	50,860	56,450	—	—	—	—

◆Day's high 860.83. low 849.03.

Ind. div. yield %	Nov. 9	Nov. 2	Oct. 23	Year ago (approx)
	6.51	6.46	6.58	5.85

STANDARD AND POORS

	Nov. 11	Nov. 10	Nov. 9	Nov. 6	Nov. 5	Nov. 4	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls	138.56	136.89	137.25	136.78	137.82	139.52	157.02 (6/1)	128.48 (24/9)	160.86 (28/11/80)	3.52 (30/6/32)
Composite	123.62	122.70	123.29	122.67	123.64	124.74	138.12 (6/1)	115.01 (24/9)	140.52 (28/11/80)	4.402 (1/6/3)

	Nov. 5	Oct. 28	Oct. 21	Year ago (approx)
Ind. div. yield %	5.18	5.54	5.57	4.46
Ind. P/E Ratio	8.51	8.14	8.20	9.13
Long Gov. Bond yield	13.60	14.70	14.63	12.36

NY. S.E. ALL COMMON

Nov. 11	Nov. 10	Nov. 9	Nov. 6	1981 High	1981 Low
71.53	71.42	71.67	71.33	79.14 (6/1)	64.96 (25/9)

Rises and Falls

	Nov. 11	Nov. 10	Nov. 9
Issues Traded	1,905	1,928	1,941
Rises	752	829	896
Falls	715	732	678
Unchanged	438	367	367
New Highs	32	51	48
New Lows	33	25	27

MONTREAL

	Nov. 11	Nov. 10	Nov. 9	Nov. 6	1981 High	1981 Low
Industrials	334.17	331.49	332.01	330.28	409.58 (27/5)	310.21 (25/9)
Combined	316.27	315.96	312.81	310.57	375.28 (15/6)	285.97 (25/9)
TORONTO Composite	1939.7	1932.5	1924.8	1915.4	2678.8 (10/4)	1812.48 (25/9)

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
INA	1,172,500	49¼	+3⅞	Bally Mfg.	527,700	29½	+⅞
Exxon	853,700	30	−⅛	Storage Tec.	518,500	38⅝	+⅞
Amerad Hess	724,100	28¾	−½	Pepsico	515,700	35⅞	+⅞
Marathon Oil	[illegible]	34	+2⅞	South Royl	472,700	28	−⅛

CANADA

Stock	Nov. 11	Nov. 10
AMCA Intl.	21¼	20⅞
Abitibi	22	21
Agnico Eagle	8⅝	8⅝
Alcan Alumin	26½	26½
Algoma Steel	42½	43⅛
Asbestos	25⅜	26
Bk. Montreal	26½	26⅝

BELGIUM (continued)

Nov. 12	Price Frs.	+ or −
Petrofina	4,225	.....
Royale Belge	4,000	.....
Soc Gen Banq.	1,555	−45
Soc Gen Belge	954	+4
Sofina	2,490	−10
Solvay	1,685	−5
Traction Elect	1,780	.....

HOLLAND

Nov. 12	Price Fls.	+ or −
ACF Holding	69	.....
Ahold	62.3	+0.3
AKZO	24	+2.1
ABN	286	+3.5
AMEV	90.8	+0.2
AMRO	53	+0.5
Bredero Cert	173.5	+0.5

AUSTRALIA

Nov. 12	Price Aust. $	+ or −
ANZ Group	5.60	+0.06
Acrow Aust	1.20	.....
Allstate Expl	0.85	.....
Ampol Pet	1.61	+0.02
Assoc. Pulp Pap.	1.95	.....
Audimco	0.12	−0.01
Aust. Cons. Ind.	1.69	+0.05
Aust. Guarant.	2.30	−0.02

JAPAN (continued)

Nov. 12	Price Yen
Kubota	342
Kumagai	577
Kyoto Ceramic	5,200
Lion	418
Maeda Cons	678
Makita	865
Marubeni	525
Marudai	639

...urther ...ise in ...gg prices

Our Commodities Staff

... TRADITIONAL early ...ter rise in UK egg prices is ...inuing. After lifting its ...lesale prices by between 1p ... 4p a dozen (depending on ...) two week ago, Goldenlay, ...ain's egg marketing co...rative, announced yesterday ... a further increase would ... effect from next Monday. ...zes one and two (large) ... are to rise 1p a dozen, ... three by 2p, sizes four and ... by 4p and sizes six and ...en by 3p.

...oldenlay said prices went up ... similar amont at the same ... last year, as colder ...ther encouraged demand. ...pointed out that the latest ... would only take egg prices ...and 10 per cent above year ... levels, below the inflation

...ereals and milk ...oost French ...rm surplus

...s—France's trade surplus ... agricultural and food pro...ts rose to FFr 20.8bn in the ... nine months of 1981 com...ed with an FFr 11.8bn sur... in the same period last ..., the gariculture ministry

... said the sharp rise was ...nly due to cereals exports ...ch rose 25 per cent in value ... 12 per cent in volume in the ... nine months, to sugar, the ...ort suralus of which rose by ...1.7bn and to milk products ...orts which rose 42 per cent ...value.
...ter

...epper exports ...ise

...UALA LUMPUR—Pepper ...orts from the East Malay... state of Sarawak rose to ...0 tonnes in June from 3.276 ... May and 2.909 in June 1980. ...e Pepper Marketing Board ...d.

...ingapore was the largest im...ter in June taking 2,990 ...nes followed by Hong Kong ..., Japan 268, West Germany ... and other countries 264 ...nes. Reuter

Another sharp fall in rubber

BY RICHARD MOONEY

NATURAL RUBBER prices fell sharply again yesterday as disappointed speculators continued covering against recent purchases. They had entered the market in the hope that buffer stock purchases by the International Natural Rubber Organisation might reverse the established downward trend. But purchases by Inro so far have fallen far short of their expectations.

On the London futures market yesterday the January position fell £1.00 to £54.25p a kilo and on the physical market the spot quotation was cut to 51.5p a kilo, down 1.75p on the day and 5p below the level ruling a week earlier.

Inro support buying began last week after the indicator price fell below 173.50 Malaysia/Singapore cents a pound. But only a few thousand tonnes have been bought and the impact on the market has been negligible. The buffer stock fund is estimated to be sufficient to buy around 50,000 tonnes of natural rubber but against a world surplus of nearly 300,000 tonnes this would clearly have only a limited market effect.

The buffer stock appears to have decided to keep its hand in its pocket for the time being and wait for the price to fall below the floor level of 168 cents a pound before beginning support buying in earnest. At that level the buffer stock is obliged under the Inro rules to make support purchases.

In the absence of effective price support from Inro the market has been left to ponder the depths of the recession and its effects on the world's motor industry, main user of natural rubber.

On this front recent news has not been good. The American automobile industry is reported to be seriously disappointed with the buying interest at the start of its new model year. Instead of the expected upturn in demand sales have slumped still further.

Inro yesterday became an associate member of the Rubber Trade Association of London, the association's executive director Mr Mike Davis confirmed.

He said the association had altered its constitution to allow organisations, authorities or associations to become in future associate members, as well as companies.

Rubber dealers noted Inro's membership will facilitate its trade in the London physical rubber market.

Alcan concludes £80m investment

BY ROY HODSON

AN £80M capital development scheme to improve productivity and the quality of production in Alcan Aluminium (UK) plants will be completed on schedule this year in spite of the recession hitting the aluminium industry.

The investment round which was started in 1977 involves spending of some £15m in the final year. The company's main rolling mills at Rogerstone have been improved to the point that they could have an annual production capacity of between 160,000 tonnes and 170,000 tonnes of semi-fabricated aluminium products when the demand is shown to exist.

The Alcan extrusion business in Britain is estimated to have 40 per cent spare capacity at present which could easily be brought into use should markets improve, according to the group.

The Alcan smelter at Lynemouth has continued to produce primary aluminium at its capacity level of some 126,000 tonnes a year as world demand for aluminium has fallen. A proportion of the metal is being sold to Alcan's continental fabrication plants which need to buy-in aluminium from Britain or other outside sources. The Lynemouth smelter has achieved a production improvement of several per cent during the year by technical improvements although it has worked at its theoretical maximum capacity level for more than a year.

Alcan has cut its British *labour force by 12 per cent* during the last 18 months to 7,000 employees.

Mr George Russell has succeeded Mr David Morton as managing director and chief executive of Alcan Aluminium (UK).

Mr Morton has moved to Montreal as an Alcan Aluminium vice-president.

Aid plan for Irish farmers

By Brandan Keenan in Dublin

THE IRISH banks are locked in tough negotiations with the government in an attempt to save an estimated 4,000 farmers who are close to bankruptcy.

Most progressive Irish farmers borrowed heavily during the EEC boom and the present crisis in Irish agriculture means that Irish £100m of the Ir£1300m owing to the banks may be in danger.

The government has proposed a series of reliefs, including a straight 5 per cent interest rate subsidy. It wants to reduce interest rates for farmers still further, to perhaps 10 per cent from the present 18 per cent plus.

The most likely scheme would involve restructuring the loans under a tax based system, allowing the banks to compensate for the lower rates with a lower tax liability.

But the banks are sensitive about the amount of public criticism of the taxes they pay at present and fear a further reduction in tax charges would bring fresh controversy.

The scheme would still mean a net cost to the banks and the toughest arguments will be over how much of this the government should bear.

Live gift for Poland

By Fay Gjester in Oslo

NORWAY may send Poland 1,000 cows, all in calf, as an NKr 10m gift to alleviate the country's food shortage.

The scheme, which would also relieve Norway's current over-production of milk and meat, was proposed by the Norwegian Red Cross and has the tentative backing of farmers' organisations and the Ministry of Agriculture. Some state finance will be made available, from agricultural support funds, and the producers' organisations will also contribute. The rest of the cash needed is likely to be collected by a Red Cross fund-raising drive.

The animals will not be sent until early spring because mid-winter is a bad time to ship livestock. Their reception in Poland must also be properly organised if the project is to yield the maximum benefit.

FARMERS' VIEWPOINT: HILL FARMING

Just a beautiful dream

ABOUT 30 years ago, in what used to be called early middle age but is today no more than the second flush of youth, I was seized with the urge to take a hill or mountain farm. My motives were complex. I had built up a sizeable arable unit growing barley for the most part. A system which once well organised was easy on the nerves. It consisted of spring sowing and August harvesting, leaving long periods of comparative idleness in between in which, as we all know, Satan would have plenty of room to make progress.

I always had a hankering for hill farming. After all I had started as a New Zealand shepherd, and my long term ambition had been to grass down my own farm and work it with stick and dog. This ambition I soon destroyed by having to support a family from an early age, and it seemed best to keep my existing acres in the fullest production while developing a mountain farm within easy driving distance of home.

From Hampshire the most obvious targets were in Wales, Exmoor and Dartmoor. I chose to look at Wales because I had been buying sheep there for several years. If only I could have my own farm I could breed my own replacements there and form an integrated unit.

The Welsh Mountain ewe, a small white faced creature, is the basic stock from which several important breeds and crosses have been developed. She hasn't the size and stature of the mountain sheep of the North of England and Scotland. But she is very heavily stocked on pastures on which the more northern breeds would starve and she is a marvellous mother.

The variety I used to buy were called the Radnor Forest, a brown or specklefaced sheep a fair bit larger than their original dams. There are many different types of these, depending on the quality of the land on which they have been reared. This is an important point to remember when buying. Some of the Welsh border land is much better than mine at home. One should always move sheep on to better land to realise their best potential.
gha-repe mfwy mfwyp aypapaa

I was not alone in these ambitions. Several of my neighbours had the same idea and we provided quite a market for those Welsh farmers who were looking for an escape from a hardish life.

I myself came dangerously near to getting involved. In one case a near neighbour of mine pipped me at the post. I was disappointed at the time, but enjoyed his experience which I was able to monitor without expense to myself. In another, I very nearly took on a real mountain farm which carried a thousand ewes west of the Elan Valley Dams. A beautiful and romantic spot.

This was a narrow escape. It was a rented farm, landlord and agent approved. From the top one could see out over the Irish sea, on a clear day, and into the English midlands to the East. It was easily ridden over. The rent was very low but the sheep had to be taken over at valuation. This was because they shared the grazing on the mountains which were unfenced. They were supposed to be bound to the farm and would not stray far. The price of these bound sheep was very much higher than it would have been for them had they not this quality. It would have been a waste of time to put unbound sheep on these areas.

On my way to sign the lease I called on an old friend who farmed a large acreage of mountain in the neighbourhood and told him what I was doing.

He shook his head sadly. For you, an Englishman, living four hours drive away, it would be madness, he said. Your hill grazing would be at the mercy of all your neighbour's sheep. If you invested in drainage or land improvement they would take advantage of it.

In any case, a farm of that size could hardly pay the shepherd's wages, let alone show a profit. The best part of a hundred inches of rain a year would make it impossible to grow hay or silage successfully.

He convinced me of my folly. So, I telephoned the agent there and then, and turned my car back towards Hampshire. But it was a very near thing. I don't suppose the farm would have ruined me, but it would have been a constant drain and possibly a worry too without any compensatory advantages. Even walking or riding over the hills would hardly have been a pleasure when the view would have held too many reminders of the difficulties of mountain farming.

The other farms I looked at which were bought by outsiders were generally of better land and, although steep, quite easily ploughable. They were failing their owners because in general they were too small and the returns from sheep and cattle insufficient to maintain the costs of their improvement. I got to know several of them over the years and in almost every case their owners sold them as they got tired of them.

I revisited the area last week. It looked as beautiful as it always had done to me. There has been some improvement on the better farms. Government grants and hill subsidies have provided the means for new buildings, reseeding and fencing. Many of the farms have been made bigger as the smaller farmers went out. Since the EEC sheep regulation came in, farmers are getting a reasonable reward for their labours. But it is no easy street.

Winters are very long, the grass had disappeared last week. Every operation is just as expensive as at home and the returns are still a great deal less. I enjoyed the view but was very pleased that I funked being involved in making it.

John Cherrington

Bauxite price increase urged

BY PATRICIA NEWBY IN CANBERRA

THE GLOOM in the aluminium industry was reflected in price decisions from the eighth meeting of the International Bauxite Association (IBA) in Canberra last week.

The IBA recommended a 2 per cent increase in the 1982 price index for base grade bauxite and 2.5 per cent to 3 per cent for metallurgical grade ore.

The meeting took place against a background of pessimism in the aluminium industry and against a series of headlines in the Australian press announcing the halving of alumina output from Alusuisse's alumina refinery at Gove in the Northern Territory and a 10 per cent cut in production from Alcoa's Western Australian plant.

Alcoa's proposed A$1bn aluminium smelter at Portlandin, Victoria is also in doubt again, following the announcement by the Victorian state government that it was again reviewing proposed electricity charges to the Alcoa project.

In recommending the price increases, representatives of the 11 countries of the IBA recognised the soft world demand for aluminium.

The IBA council of ministers recommended that the minimum cif price index level for 1982 for metallurgical grade bauxite sold in north and south America and Europe should remain within the range of 2.5 to 3 per cent.

"But in view of the expected soft market for 1982 the price for base-grade bauxite should, for reference purposes, be set at 2 per cent of the average American Metal Market list price for 99.5 per cent purity primary aluminium ingot," the association said in a comminqué issued after the meeting.

The Council of Ministers also recommended that the minimum cif price for alumina during 1982 should remain within the range of 16 to 19 per cent of the average American Metal Market price for 99.5 per cent purity primary aluminium ingot. "But in view of the expected soft market for 1982 the price for 1982 should be set, for monitoring purposes, within the range of 15 to 18 per cent," the communiqué said.

The council said "It viewed with concern" developments in the aluminium market which were, in turn, having an adverse impact on the market for alumina and bauxite.

Although not stated in the communiqué, observers said the possibility of fixed pricing or some cartel arrangement for bauxite by the producing nations was canvassed. According to reports from the meeting, Australia, the world's biggest bauxite producer and third biggest exporter, heads a minority opposing organised selling. Australia is also the world's biggest producer and exporter of alumina. At present the IBA only "recommends" prices for bauxite and alumina.

...RITISH COMMODITY MARKETS

...ASE METALS

...E-METAL PRICES drifted on the ...don Metal Exchange, reflecting the ... in sterling during the afternoon. ...per held around the £900 level ... to closing at £901.5, while Lead ... finally £367, owing to U.S. selling. Zinc £485. Aluminium fell further ...ose at £597.5 and Nickel drifted ...nd at £2,715. Tin was again sup...rted at £8,650.

...PPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
...bars				
...	878-.9	+8.75	873-.5	—.25
...nths	905-.5	+6	899.5-900	—2
...em't	879	+8	—	......
...odes				
...	875-.6	+8.75	869-70	—1
...nths	901-2	+5.25	895.5-6	—.75
...em't	875.5	+8.5	—	......
...od	—	......	*88.7-88	......

...malgamated Metal Trading reported ... in the morning cash wirebars ...d at £878.50, 79.00, 78.00, higher ... three months £900.00, 900.50, ..., 02.00, 01.50, 02.00, 03.50, 04.00, ..., 05.00, 05.50, 05.00. Cathodes, £876.00, three months £901.00. ... Wirebars, cash £878.50, three ...ths £905.00, 04.50. Afternoon: Wire... Cash £873.50, higher grade three ...ths £901.00, 900.50, 01.00, 900.50, ...0, 900.50, 899.50, 900.00, 899.50. ... Wirebars, three months £901.00, ..., 01.00. Turnover: 16,600 tonnes.

...IN	a.m. Official	+ or —	p.m. Unofficial	+ or —
... Grade	£	£	£	£
...	8321-5	—4.5	8320-30	......
...onths	8650-1	—2	8650-1	—1
...tlem't	8325	—5	—	......
...ndard				
...	8321-5	—4.5	8320-30	......
...onths	8650-1	—2	8650-1	—1
...lem't	8325	—5	—	......
...its E.	$835.74	+0.10		......
... York	—	......		

...n—Morning: Standard, cash £8,325, ... months £8,660, 55, 60, 51, 50. Kerb: Standard, three months £8,650. Afternoon: Standard, cash £8,322, three months £8,650, 51, 50. Kerb: Standard, three months £8,650. Turnover: 2,950 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	355-.5	—1	353.5-4	—5.75
3 months	370.5-1	......	368.5-9	—5
Settlem't	355.5	—1	—	......
U.S. Spot	—	......	*36-40	......

Lead—Morning: Cash £357.00, 55.50, 55.00, three months £371.00, 71.50, 72.00, 71.50, 71.00, 70.50, 71.00. Kerb: Three months £371.00, 70.00, 71.00. Afternoon: Three months £370.00, 69.50, 69.00, 68.50. Kerb: Three months £369.00, 68.00, 67.00, 67.50, 66.50, 67.00, 67.50, 68.00, 67.50, 67.00. Turnover: 11,950 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	471-2	—1.5	469-70	—1.5
3 months	485-6	—1.25	484-.5	—1.5
S'ment	472	—1.5		......
Primw'ts			*45.5-50	......

Zinc—Morning: Three months £485.00. Kerb: Three months £486.00. Afternoon: Three months £484.00, 85.00, 84.00, 83.50, 84.00, 84.50, 84.00. Kerb: Three months £485.00, 84.50, 84.00. Turnover: 7,225 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	572.5-3	—.75	571.5-2.5	—2.5
3 months	597-.5	—.5	596.5-7	—2

Aluminium—Morning: Three months £594.00, 95.00, 95.50, 96.00, 96.50, 97.00, 97.50. Kerb: Three months £597.50. Afternoon: Three months £596.00, 97.00, 96.50. Kerb: Three months £597.00. Turnover: 5,300 tonnes.

Nickel—Morning: Cash £2,645, three months £2,710, 05, 10. Afternoon: Three months £2,705, 2,700. Kerb: Three months £2,705, 10, 19.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2645-55	+17.5	2635-45	+5
3 months	2710-5	+18	2695-705	—7.5

* Cents per pound. ‡ MS per kilo. † On previous unofficial close.

SILVER

Silver was fixed 3.6p an ounce lower for spot delivery in the London bullion market yesterday at 455.2p. U.S. equivalents of the fixing levels were: spot $8.5780, down 4.7c; three-month $8.8510, down 5.7c; six-month $9.1560, down 6.2c; and 12-month $9.7880, down 4c. The metal opened at 455-458p ($8.57-8.62) and closed at 448-451p ($8.50-8.55).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	455.20p	—3.6	449.0p	—9
3 months	470.70p	—4.1	466.25p	—8.5
6 months	487.30p	—4.25	—	......
12months	521.00p	—5.00	—	......

LME—Turnover 127 (151) lots of 10,000 ozs. Morning: Three months 471.5, 72.5, 72.2, 72.5. Kerb: Three months 472.5, 72.0. Afternoon: Three months 466.5, 67.0, 66.0. Kerb: Three months 467.0, 67.5.

COCOA

Futures traded within a £20 range but with no apparent direction and closed in mid-range. Physicals were less attractive to industry and were largely neglected, reported Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
Dec.	1126-28	—21.0	1143-20
March	1134-35	—12.0	1147-26
May	1134-35	—14.0	1144-30
July	1136-38	—10.5	1145-30
Sept	1141-47	—10.5	1145-40
Dec.	1160-64	—8.5	1160-58
March	1170-82	—6.5	1170

Sales: 3,332 (4,034) lots of 10 tonnes.

COFFEE

During an exceptionally quiet day values were confined during the morning to a narrow range, reports Drexel Burnham Lambert. A rally in New York provided an incentive for a steady afternoon.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Nov	1152-54	+21.5	1154-15
Jan	1147-48	+20.0	1147-29
March	1147-49	+22.0	1149-29
May	1146-49	+23.0	1146-30
July	1145-49	+19.5	1140-30
Sept	1145-48	+18.0	—
Nov	1140-60	+17.5	—

Sales: 1,740 (1,856) lots of 5 tonnes.
ICO 1979 indicator prices for Nov 11: (U.S. cents per pound): Comp. daily 124.04 (123.51): 15-day average 122.17 (121.70).

GAS OIL FUTURES

A stronger opening in quiet trading tested resistance levels but failed to break through. In increased volume the market broke through to establish new life-of-contract highs, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
November	339.00	+1.25	330.00-29.00
December	327.75	+0.50	328.25-27.00
January	328.00	+0.75	328.00-26.50
February	327.75	+0.25	328.00-26.75
March	326.50	—	326.50
April	325.50	+0.75	—
May	325.50	+0.50	—
June	326.50	—0.25	327.00-26.50
July	326.50	—0.50	—

Turnover: 1,107 (1,098) lots of 100 tonnes.

GRAINS

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
Nov.	106.10	—0.35	102.45	—0.15
Jan	108.35	—0.35	104.10	—0.20
Mar	111.45	—0.35	107.50	—0.20
May	114.75	—0.45	110.40	—0.20
July	118.05	—0.50	—	....
Sep	106.55	—0.05	100.75	+0.05

Business done—Wheat: Nov 106.20-106.00, Jan 108.60-108.20, March 111.75-11.30, May 115.20-114.50, July 118.65-18.60, Sept 106.50 only. Sales: 214 lots of 100 tonnes. Barley: Nov 102.30-102.25, Jan 104.20-104.00, March 107.50-107.20, May 110.40-110.20. Sept no trades. Sales: 171 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent, Nov 113.75, Dec 115.25 transhipment East Coast sellers. English Feed fob, Nov 110.25, Dec 112.10 East Coast sellers. Maize: French, Nov 127.25, Dec 129 transhipment East Coast quoted. S. African White, Nov 86.25 sellers. Barley: English Feed fob, Dec 107 East Coast sellers. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: W Mids 107.00, N West 109.90. Feed barley: S East 100.50, W Mids 100.90, N West 102.40. The UK Monetary Coefficient for the week beginning Monday November 16 is expected to remain unchanged.

RUBBER

The London physical market opened easier, attracted little interest throughout the day and closed quiet. Lewis and Peat reported a December fob price for No 1 RSS in Kuala Lumpur of 223.0 (227.0) cents a kg and SMR 20 168.0 (172.0).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Dec.	55.30-55.40	54.10-54.20	55.40
Jan	54.20-54.30	54.00-56.50	—
Jan-Mar	55.20-55.60	56.10-56.20	55.20-54.40
Apl-Jne	59.00-59.10	58.80-58.90	58.90-58.20
Jly-Sept	62.43-62.50	53.10-65.20	63.20-61.60
Oct-Dec	65.60-65.90	66.40-66.50	65.80-65.70
Jan-Mar	68.10-69.20	69.70-69.80	69.10-68-10
Apl-Jne	72.40-72.50	73.00-73.10	71.80
Jly-Sept	75.60-75.70	76.20-76.60	75.60-75.00

Sales: 557 (620) lots of 15 tonnes and 17 (nil) lots of 5 tonnes.
Physical closing prices (buyer) were: Spot 51.50p (53.25p). Dec 50.50p (51.25p); Jan 51.50p (52.25p).

SOYABEAN MEAL

The market opened unchanged in dull conditions, reports T. G. Roddick. Stronger sterling checked gains for the market to close slightly steadier.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
December	126.70-27.2	—0.20	127.00
February	130.00-30.1	—0.20	130.50-30.00
April	133.00-33.1	+0.50	133.50-32.60
June	135.00-35.7	+0.50	135.50-35.00
August	137.50-38.2	—0.60	136.00
October	138.00-41.0	+0.50	—
Dec	139.00-44.0	+0.50	—

Sales: 49 (143) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £157.00 (same) a tonne cif Nov-Dec shipments. White sugar daily price £174.00 (same).

Prices were contained within a narrow range in quiet conditions, reports reports C. Czarnikow.

No. 4 Con-tract	Yest'rdy's close	Previous close	Business done
	£ per tonne		
Jan	160.25-61.00	159.25-59.75	161.00
March	165.20-65.25	164.40-64.50	166.20-64.25
May	168.60-68.90	167.75-68.00	169.50-57.50
Aug	172.70-72.80	172.00-72.75	173.50-72.50
Oct	177.10-77.45	176.50-77.00	178.25-76.00
Jan	179.00-80.50	179.00-81.00	—
March	184.25-86.00	184.45-85.50	—

Sales: 4,373 (2,984) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £375.00 (same) a tonne fob for home trade and £226.5 (same) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for November 11: Daily price 11.89 (11.85): 15-day average 11.76 (11.73).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 157 tonnes. Small contracts were entered into, with a tendency among buyers to react cautiously to the lower level of values. Minor operations centred on African as well as South American styles.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Dec 490.5, 491.0, 491.0-490.5; March 501.0, 501.5, 501.5-500.5; May 514.0, 514.5, 514.5-514.0; July 520.0, 521.5, 521.0; Oct 518.0, 520.0, untraded; Dec 523.0, 525.0, untraded, March 530.0, 532.0, untraded; May 535.0, 542.0, untraded. Sales. 44.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Dec 373, 376, nil; Jan 376, 378, 377; March 387, 389, 387-384; May 394, 395, 393-392; Aug 408, 409, 409-408; Oct 413, 414, 413-412; Dec 418, 420, 419,-418; Jan 421, 422, 422-420; March 429, 431, 431-429; May 433, 440, nil. Sales: 85.

POTATOES

LONDON POTATO FUTURES—April came under early selling pressure, falling £1.80 before recovering to close at the high. February was quiet but firm while November '82 started trading at £62.00, reports Premier Man. Closing prices: Feb 87.50, +1.00 (high 87.50, low 86.50); April 97.00, —0.50 (high 97.00, low 95.70); Nov 65.60, — (high 66.00, low 62.00). Turnover: 451 (386) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 77.0 to 81.0; Eire Hindquarters 84.5 to 88.0, Forequarters 59.0 to 62.0. Veal: Dutch Hinds and Ends 121.0 to 127.0. Lamb: English Small 69.3 to 76.0, Medium 68.0 to 74.0; Imported Frozen—New Zealand PL 63.0 to 63.5. Pork: English, under 100 lbs 44.5 to 58.0, 100-120 lbs 47.0 to 55.0, 120-160 lbs 42.0 to 53.0.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle 96.06p per kg lw (+4.10). UK—Sheep 163.92p per kg est dcw (—5.73). GB—Pigs 81.40p per kg lw (+0.79).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated: Imported Produce: Oranges—Outspan: Valencia Lates 48 5.70, 56 6.50, 72 6.45, 88 5.60, 112 5.35, 138 5.30, 150 4.95; Spania: Navelinas 42/130 5.00-5.80. Satsumas—Spania: 2.60-3.00. Lemons—Outspan: 88/162 7.00-7.50; Cyprus: 4.20-5.50; Turkish: 4.00-5.00; Italian: 60/150 5.50-6.00; Spania: 40/50 3.00. Grapefruit—U.S.: Pink 32/48 7.50-8.50; Cuban: 32 4.10-4.20, pink 32/48 4.00-4.20; Cyprus: Small carton 4.50-5.00; Honduras: 5.00-5.30. Apples—French: New crop, Golden Delicious 20-lb 3.70-3.80, 40-lb 6.80-7.50, Stark Crimson 40-lb 7.00-8.50, 20-lb 3.50-4.60, Granny Smith 7.50-8.00; U.S.: Red Delicious 8.00-13.00; Hungarian: Starking 7.40-7.50; Dutch: Golden Delicious 26-lb 4.50, Cox's 28-lb 4.80-5.20. Pears—Dutch: Comice 14-lb 3.50-3.80, Conference, per pound 0.14-0.18. Plums—U.S.: Per pound 0.45-0.50. Peaches—Zimbabwean: 21/26 6.00. Grapes—Spanish: Almeria 11-lb 2.20-2.60, Negra 3.00, Italian: Italia, per pound 0.20-0.30; Greek: Rozaki 1.60-1.80. Strawberries—New Zealand: 8-oz 1.80-2.00, U.S.: 8-oz 2.00. Raspberries—U.S.: 8-oz 2.00. Melons—Spanish: 10-kilos, green 2.50-3.50. Pineapples—Ivory Coast: Each 0.40-1.00. Bananas—Colombian: Per pound 0.18-0.19. Avocados—U.S.: Large box 5.50, small box 3.50-4.00; Israeli: 3.00-3.50; Canary: 2.00-3.80. Pomogranates—Spanish: 24/60s 3.60-4.00. Dates—Tunisian: 30s 0.50-0.60; U.S.: 0.50. Figs—Turkish: 48 x 8-oz 0.19-0.20. Tomatoes—Dutch: 3.20-3.40; Moroccan: 2.20-2.40; Spanish: 2.60-3.40; Canary: 2.60-3.30. Onions—Spanish: Grano 3/5s 3.30-3.60. Capsicums—Dutch: 5-kilos, red 5.00, green 5.50-5.70, yellow 6.00. Aubergines—Dutch: 6-kilos 7.60; Cyprus: 4.50; Israeli: 4.50. Cabbages—Dutch: White 2.80, red 3.00. Chillies—Dutch: 3-kilos 4.00. Artichokes—French: Globe 24s 8.50. Chicory—Belgian: 3-kilos 3.00-3.30. Carrots—Dutch: 20-lb 2.00, pre-pack 2.80. Endive—French: 4.50. Fennel—Italian: 25-lb 4.00; Dutch: 11-lb 3.80-4.00; French: 9-lb 3.50-4.00. Asparagus—S. African: 1.50-1.80; New Zealand. 1.80-2.00. Lettuce—Dutch: 24s 3.00. Cucumbers—Dutch: 3.00-3.20; Canary: 2.40-2.60. Mangoes—Kenyan: 8/16 4.50-5.00. New Potatoes—Jersey: Per pound, Royal 0.18-0.20, Maris Peer 0.15. Chestnuts—Italian: 5-kilos 3.00-5.00; Spanish: 5-kilos 3.00-5.00.

English Produce: Potatoes—Per 55-lb. white 2.20-2.50, red 2.50-2.80, King Edward's 2.80-3.10, jacket 2.50-3.00. Mushrooms—Per pound, open 0.40-0.60, closed 0.60-0.70. Apples—Per pound, Bramley 0.18-0.24, Cox's 0.20-0.28, Laxton's 0.14-0.20, Russets 0.15-0.25. Pears—Per pound, Conference 0.14-0.20, Comice 0.18-0.25. Tomatoes—Per 12-lb, D/E 1.50-2.00. Cauliflowers—Per 12, Kent 3.30-3.50, Lincoln 2.40-2.80. Cabbages—Per 30-lb bag, Primo 1.00-1.50. Lettuce—Per 12, round 0.80-1.40, Webb's 1.60-2.00. Radishes—Per 12 x 8-oz peck 1.40. Onions—Per tray x 20 bunches, spring 2.00, 55-lb 40/60mm 2.00-2.60. Carrots—Per 26/28-lb 0.70-1.00. Beetroots—Per 28-lb, round 1.00-1.20, long 1.20. Fennel—Per 10-lb 1.30-1.50. Parsnips—Per 28-lb 1.40-1.80. Swedes—Per net 0.70-1.10. Leeks—Per 10-lb 1.20-1.60. Sprouts—Per 20-lb 1.80-2.40. Pumpkins—Per pound 0.08-0.10. Turnips—Per 28-lb 1.20-1.40. Celery—Per 16/36, Hassey 4.00. Brussels Tops—Per 25-lb 1.00-1.40. Spring Greens—Per 25-lb 1.50. Savoys—Per 25-lb 1.00-1.20.

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£6.00, codling £3.20-£3.80; Large haddock £3.60-£5.00, medium £2.80-£3.30, small £2.20-£2.70. Best small plaice £4.30; Skinned dogfish (large) £5.00, (medium) £4.50; Lemon soles (large) £12.00; Rockfish £2.30-£2.40; Reds £2.20-£2.60; Saithe £2.20-£2.50.

PRICE CHANGES

In tonnes unless otherwise stated.

	Nov. 12 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt.	$1085/1115	......	$1155/165
Copper			
Cash w'bar	£873.25	—0.25	£894.5
3 mths	£899.75	—2	£918.5
Cash Cathode	£869.5	—1	£897
3 mths	£895.75	—0.75	£916
Gold troy oz	$410.5	—2.25	$444.5
Lead Cash	£353.75	—5.75	£372.5
3 mths	£368.75	—5	£381.75
Nickel	£4189.50	......	£4,219.60
Free mkt	225/275c	......	240/260c
Platin'm'try oz	£260	......	£260
Freemkt	£207.70	—2.05	£227.55
Quicksilver†	$418/423	......	$425/430
Silver troy oz	455.20p	—3.6	520.00p
3 mths	470.70p	—4.1	538.45p
Tin Cash	£8,325	......	£8230
3 mths	£8,650.5	—1	£8365
Tungsten22.0/lb	$142.61	......	$142.61
Wolfrm 22.04lbs	$155/158	......	$156/141
Zinc Cash	£469.5	—1.5	£459.5
3 mths	£484.25	—1.5	£474.5
Producers	$1000	......	$1000
Oils			
Coconut (Phil)	$580v	......	$582.5
Groundnut	‡	......	‡
Linseed Crude	‡	......	£420
Palm Malayan	$500z	—2.5	$515
Seeds			
Copra Philip	$360v	......	$365
Soyabean(U.S.)	$259	+4	$273.5
Grains			
Barley Fut.Jan	£104.10	—0.20	£103.85
Maize	£127.25	......	£127.5
Wheat Fut.Jan	£108.35	—0.35	£109.40
No2 HardWint	‡	......	£121.50
Other commodities			
Cocoa ship't*	£1,203	—21	£1,339
Future Mar.	£1134.5	—12	£1,243.5
Coffee Ft' Jan.	£1147.5	+20	£1,096.5
Cotton A.Index	72.70c	—0.55	75.60c
Gas Oil Nov.	$327.75	+0.5	$316.25
Rubber (kilo)	51.5p	—1.75	65p
Sugar (Raw)	£157v	......	£168
Woolt'ps 64s kl.	380p kilo	......	391pkilo

‡ Unquoted. w Dec-Jan. z Dec. v Nov-Dec. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

AMERICAN MARKETS

NEW YORK, November 12.

SHORT COVERING in precious metals and copper in response to further declines in interest rates produced moderate gains. Light selling ahead of the crop report put the cotton market moderately lower. Cattle markets were mixed on higher cash prices while hogs and belly markets were under major pressure because of anticipated heavy marketings next week. Sugar prices were slightly higher on reported delays in the Soviet harvest, reported Heinold.

Copper—Nov 74.30 (74.00). Dec 74.80-74.85 (74.45). Jan 75.75, March 77.55-77.60, May 79.45, July 81.00, Sept 82.70, Dec 85.25, Jan 86.10, March 87.90, May 89.65, July 91.40, Sept 93.15. Sales: 4,500.

Potatoes (round whites)—Feb 70.0-70.5 (6.99). March 76.3-76.6 (73.0). April 76.3-86.5, Nov 78.0. Sales: 218.

¶Silver—Nov 865.5 (854.0). Dec 867.0-872.0 (859.0). Jan 879.5, March 896.0-900.0, May 918.0, July 937.8, Sept 957.6, Dec 987.3, Jan 997.2, March 1017.0, May 1036.9, July 1056.6. Sept 1076.4. Handy and Harman bullion spot: 858.00 (859.00).

Sugar — No. 11: Jan 11.87-11.99 (11.86). March 12.38-12.39 (12.29). May 12.69, July 12.93, Sept 13.19-13.20, Oct 13.39-13.40, Jan 13.35-13.60, March 14.09-14.10. Sales: 3,910.

Tin—708.00-730.00 (710.00-720.00).

*Platinum—Nov 391.3 (386.2), Jan 395.0-395.5 (391.7). April 407.5, July 418.7, Oct 429.3.

CHICAGO, November 12.

Lard—Chicago loose 20.50 (same).

Live Cattle—Dec 64.12-64.20 (63.92). Feb 65.10-65.05 (65.10). April 65.35-65.40, June 65.60-65.70, Aug 65.30, Oct 63.60, Dec 64.65.

Live Hogs—Dec 47.10-47.15 (47.55). Feb 49.15-49.25 (49.67). April 47.25-47.35, June 49.70, July 50.15-50.30, Aug 48.35, Oct 46.75, Dec 48.15, Feb 48.90.

‡‡Maize — Dec 281½-281¼ (280). March 299½ (297½). May 311½-311¼. July 318½-318½. Sept 324½-324½. Dec 329¾.

Pork Bellies—Feb 65.00-67.85 (68.17). March 68.00-68.10 (68.12). May 68.60-68.40. July 69.65-69.15. Aug 69.00.

‡Soyabeans—Nov 627½-629½ (637¾). Jan 656-657½ (665½). March 675½-674½. May 693½-693½. July 709½. Aug 711½. Sept 711½. Nov 720.

‖Soyabean Meal—Dec 188.0-187.8 (187.5). Jan 191.3-191.5 (191.3). March 196.7-196.5. May 201.2-201.5. July 206.5. Aug 206.6-207.0. Sept 207.0-208.0. Oct 207.5-208.5. Dec 212.5-213.0.

Soyabean Oil — Dec 20.57-20.55 (20.51). Jan 20.91-20.92 (20.87). March 21.55. May 22.05-22.00. July 22.50. Aug 22.60. Sept 22.70. Oct 22.80-22.85. Dec 23.10.

‡Wheat—Dec 435½-436 (431¼). March 461½-461½ (456½). May 470-471. July 465½-465¼. Dec 493¾.

WINNIPEG, November 12.

§Barley—Dec 119.90 (119.70). March 125.80 (127.60). May 130.40. July 131.80. Oct 132.50.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 248.29.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. ‡‡ $ per metric ton.

Wednesday's closing prices

NEW YORK, November 11.

‡‡Cocoa—Dec 1901 (1840). March 1977 (1912). May 2017. July 2045. Sept 2067. Dec 2089. March 2111. Sales: 2,865.

Coffee—"C" Contract: Dec 144.00-145.25 (143.63). March 135.70-136.00 (135.93). May 130.25-130.40. July 128.40-128.50. Sept 127.25. Dec 124.75. March 124.00. Sales: 2,098.

Cotton—No. 2: Dec 63.30-63.38 (63.12). March 65.55-65.60 (65.35). May 67.24. July 69.09. Oct 71.20-71.30. Dec 72.45. March 73.65. Sales: 5,700.

Orange Juice—Nov 118.70-118.95 (116.50). Jan 119.50-119.55 (117.60). March 121.60-121.70. May 124.00. July 126.45-126.50. Sept 128.45-128.75. Nov 129.55-129.85.

CHICAGO, November 11.

Chicago Imm Gold—Nov 409.5 (412.5). Dec 412.0-411.0 (414.3). March 423.5. June 437.3. Sept 451.3. Dec 465.5. March 479.9. June 494.5. Sept 509.3.

EUROPEAN MARKETS

ROTTERDAM, November 12.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent. Dec 20/Jan 10 211. Jan 20/Feb 10 214. U.S. No. Two Red Winter, Dec 187.50. Jan 190. Feb 194. U.S. No Three Amber Durum, afloat 195. Nov 196. Dec 197. U.S. No. Two Northern Spring 14 per cent, afloat 193. Nov 194. Dec 196. Jan 207. Feb 210.

Maize—(U.S. $ per tonne): U.S. No. Three Corn Yellow, afloat 122. Nov 123. Dec 126. Jan 132. Feb 136. March 138. April/June 142 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports, Nov 252.50. Dec 258. Jan 264.50. Feb 268. March 272. April 275.75. May 279. June 282.50. July 284.75 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S., Nov 226/227. Dec 229.50/229.75. Jan 233/233.50, traded afloat 226-230. Nov 227. Dec 229.75. Jan 233.50. April/Sept 256 sellers. Brazil Pellets, Nov 248. Dec 250. Jan 257. Jan/March 260. April/Sept 261.50 sellers.

PARIS, November 12.

Cocoa—(FFr per 100 kilos): Dec 1166/1195. March 1193/1199. May 1190/1210. July 1195/1215. Sept 1205/1225. Dec 1215/1240. March 1225/1255. Sales at call: 2.

Sugar—(FFr per tonne): Dec 1780/1800. March 1818/1820. May 1851/1860. July 1860/1880. Aug 1905/1920. Oct 1940/1980. Nov 1940/1980. Dec 1960/2000. Sales at call: 7.

INDICES

FINANCIAL TIMES

Nov. 11	Nov. 10	Month ago	Year ago
253.62	253.69	263.04	269.83

(Base: July 1, 1952=100).

MOODY'S

Nov. 11	Nov. 10	Month ago	Year ago
994.0	997.6	1014.3	1308.4

(December 31, 1931=100)

DOW JONES

Dow Jones	Nov. 11	Nov. 10	Month ago	Year ago
Spot	359.62	367.92	359.88	479.81
Fut'rs	373.14	371.67	378.66	501.68

(Average 1924-25-26=100).

REUTERS

Nov. 12	Nov. 11	M'nth ago	Year ago
1616.2	1619.2	1667.2	1751.7

(Base: September 18, 1931=100)

...OMPANY NOTICES

...ERSONAL

LECTURES

CLUBS

LONDON STOCK EXCHANGE

Gilt-edged again responsive to interest rate optimism
Equity leaders fluctuate early but eventually follow

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Oct 26	Nov 5	Nov 6	Nov 16
Nov 9	Nov 19	Nov 20	Nov 30
Nov 23	Dec 3	Dec 4	Dec 14

* "New time" dealings may take place from 9 am two business days earlier.

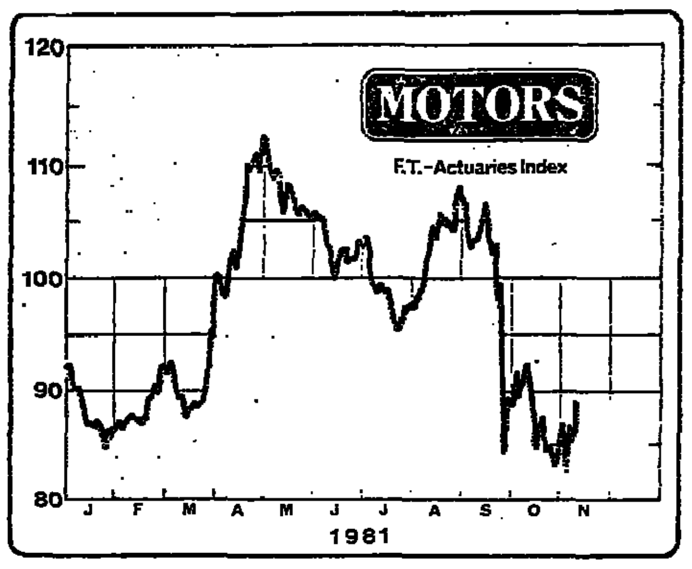
Optimism that international interest rates would continue to move lower, the chief reason for the recent strong advance in London stock markets, was heightened yesterday following afternoon announcements of U.S. Prime lending rate cuts to 16½ per cent. The news revived a volatile equity market, which had reacted markedly after early strength. New life was similarly injected into Gilt-edged securities, also beginning to slip from the best, albeit at a lesser rate.

Indications that the miners' and tanker drivers' pay claims would be settled without recourse to industrial strife gave markets their initial sharp uplift. Leading shares were particularly responsive but little follow-through support developed and the noon announcement that the NUM national executive had rejected the NCB's latest offer brought values back sharply.

The Gilt-edged market, on the other hand, was little affected, being influenced more by sterling's further progress against the dollar. Short and longer-dated stocks attracted fresh investment funds which were more than sufficient to absorb periodic outbreaks of profit-taking. The sector was benefiting too from analysts' favourable views on interest rate trends, although the market was starting to lose impetus ahead of the American Prime rate reductions. After the announcement, quotations resumed the earlier rise and closed only a shade below the day's best. Longer-dated issues gained as much as a point and the shorts a maximum of ½.

The extremely sensitive nature of the market in leading shares was illustrated by the hourly fluctuations in the FT Industrial Ordinary share index. Reflecting the pre-market mood of optimism, the index was 11 points up at the first calculation, largely as a result of dealers' mark-ups. Two hours later, the gain had been reduced to 8 points and, after the miners' executive decision, to a mere 2.2 at 1 pm. Thereafter, the tone strengthened and the index ended with a gain of 10 points to 518.2, a rise of nearly 50 points in the last nine sessions to its highest since September 17.

Activity in Traded Options improved slightly and 1,441 deals were completed. The majority of the business was transacted in calls, of which Racal and Lonrho recorded 186 and 178 respectively.



Merchant banks good

Yesterday saw the debut of Acsis Jewellery in the Unlisted Securities Market; the shares opened at 70p and closed at 73p compared with the placing price of 70p. Tuesday's USM newcomer, Greenwich Cable Communications, lacked support and shed 3 to 47p as against the placing price of 50p.

Merchant issues figured prominently in a firm banking sector. Hambros stood out with a jump of 17 to 170p on revived bid hopes and buying ahead of the interim results due on November 24. Still reflecting good first-half figures, Hill Samuel firmed 10 more to 160p, while improvements of 8 and 12 respectively were recorded in Kleinwort Benson, 226p, and Mercury Securities, 228p. Schroders put on 20 to 425p in a thin market. The major clearing banks also took a firmer line with Barclays and Lloyds adding 6 apiece to 440p and 412p respectively.

Royals, the next major Composite Insurance group to announce third-quarter figures on Monday, cheapened 3 to 375p. General Accident, at 352p, held the previous day's rise of 8 which followed satisfactory quarterly figures, while GRE put on 6 to 320p and London United Investments 7 to 220p. Sun Alliance ended 5 off at 940p, after 930p.

Selected leading Building descriptions came in for support, Blue Circle rising 6 to 480p, Tarmac 8 to 358p and Barratt Developments 4 to 228p. Elsewhere, occasional interest lifted Wiggins Construct 4 to 80p and John Mowlem 5 to 175p, while Marshalls (Halifax) improved 3 to 83p.

After opening 6 higher at 290p, ICI reacted to 280p before picking up to close 4 dearer on balance at 288p. Other Chemicals to attract support included Allied Colloids, 3 firmer at 144p, and Rentokil, 4 up at the same price.

Mail-orders buoyant

Leading Stores continued to attract a fair measure of support and most closed at the day's best. Burton ended 6 up at 126p, while Debenhams added 4 to 73p. UDS, 68p, and Marks and Spencer, 126p, added 2 apiece. Interest in Mail-orders improved significantly and Empire, 72p, and Freemans, 126p, both rose 8, while Grattan picked up 4 to 86p. Good support was also forthcoming for Vantona, 10 to the good at 116p. Interim figures from Aquascutum were well received and the A ended 1½ up at 32p, but W. L. Pawson, interim results expected next Monday, eased the turn to 7p.

Among Shoes, David Scott closed 3 lower at 14p following the first-half deficit and omitted interim dividend. Headlam Sims and Coggins added a couple of pence to 39p after a favourable Press mention.

Reports that the Government plans to speed up liberalisation of the telecommunications equipment market helped to induce renewed firmness in the popular Electrical leaders. Although closing levels were up to 5 below the day's best, Thorn EMI still recorded an improvement of 10 at 447p as did GEC, at 755p. Racal ended 8 dearer at 423p and Plessey 5 to the good at 345p. Standard Telephones and Cables were also favoured and advanced 12 to 445p. Elsewhere, Bowthorpe added 4 more to 190p on speculative buying and Ferranti gained 10 to 555p.

Leading Engineers moved irregularly before settling with modest gains on balance. GKN mirrored the trend, moving between extremes of 153p and 160p and closing 4 up on the day at 158p. Among secondary issues, fresh demand lifted G. M. Firth 7 to 160p, but Charles Clifford became a poor market in the late dealings at 37½p, down 5½, on the proposed reorganisation by way of a scheme of arrangement and the rights issue. Howden, in contrast, improved 5 more to 143p, while similar gains were recorded in Haden, 235p, ML Holdings, 290p, and Martonair, 230p. Fresh demand left United Engineering up 8 more at 175p. Newman-Tonks continued firmly with a further improvement of 2 to 66p, while Pegler-Hattersley put on 10 to 172p in a limited market. Down to 196p at one stage, Staveley rallied after the interim figures and accompanying statement to close 3 firmer on the day at 206p.

Another useful two-way business was transacted in Foods. Linfood dropped to 156p before closing a net 8 down at 158p following the placing at 156p per share, of the 29.9 per cent stake in the company held by Argyll Foods; the latter closed 6 up at 109p, after 103p. Northern Foods were quoted 3 up at 146p ex the rights issue; the new nil-paid shares opened at 15p premium and closed at 17p premium. After Wednesday's gain of 9, Unigate were briskly traded and eased to 97p before closing a net penny off at 98p, while bid favourite Fitch Lovell attracted late support and closed a penny firmer at 77p after 74p. Elsewhere, Hillards put on 6 to 158p and Amos Hinton 8 to 224p, also on speculative interest. Biscuit concerns traded firmly, United, 121p, and Huntley and Palmer, 69p, adding 3 apiece.

Prince of Wales Hotels gained 5 to 60p on the satisfactory interim results.

Charles Hill up

Reflecting the board's expansion plans and bullish remarks about second-half prospects, Charles Hill o fBristol touched 137p before closing a net 13 higher at 133p. Elsewhere in miscellaneous industrials, Ropner jumped 15 to 210p and the "A" 22 to 207p on speculative buying in a thin market, while Valor rose 6 to 54p, after 56p, in response to the increased interim profits and dividend. Publicity given to a broker's circular helped Dalgety to advance 7 to 301p, while buying on recovery hopes lifted De La Rue 25 to 655p. Still drawing strength from favourable preliminary figures, Smiths Industries rose 13 more to 365p, while renewed speculative interest helped J. and J. Dyson to rise 7 to 87p with the "A" up at 69p. Investment support left BTR 6 up at 342p, Vinten similarly dearer at 166p and Sothebys 7 up at 423p. Huntleigh gained 5 to 83p and Braby Leslie, 38p, and ICL, 45p, rose 3 apiece. Once again, the failure of the much-rumoured dawn raid to materalise prompted a swift turnaround in English China Clays which, after Wednesday's late spurt of 8, eased to 150p before closing a net 4 down at 152p. The "Times" Veneer lost the turn to 6p on news of the first-half deficit and interim dividend omission. Unilever rose 11 to 643p among the leaders on demand ahead of third-quarter figures due next Tuesday. Reckitt and Colman put on 8 to 264p and Glaxo 6 to 438p.

LWT "A" became a late firm feature among television issues, rising 8 to 126p following the preliminary results.

Motor and Aircraft component manufacturers ended with useful gains. Lucas, 206p, and Dunlop, 57p, rose 6 and 4 respectively, while Herman Smith firmed 2 to 26p, the last-mentioned following the annual results. In contrast, Kwik-Fit, still unsettled by the disappointing interim figures, gave up 7 to a 1981 low of 48p. Flight Refuelling, interim results expected next Wednesday, touched 345p before settling for a net gain of 15 at 335p.

More optimism about the outlook for interest rates stimulated renewed demand for Properties. Land Securities, additionally helped by publicity given to a broker's circular, rose 11 to 326p; the interim results are due next Monday. MEPC firmed 5 to 226p and Great Portland Estates 4 to 200p, while Slough Estates added 3 to 127p. Allnatt (London) firmed 6 to 190p in response to the increased interim revenue, while revived speculative support lifted R. Green 4 to 78p.

Candecca lower

Firm initially, Oil shares drifted back in the course of another quiet trading session and final quotations were little altered on balance. Ultramar settled without alteration at 500p, after 490p, following satisfactory third-quarter figures. Among the more speculative issues, the Brigg Number 1 drilling report failed to inspire Candecca which reacted 6 further to 214p. In contrast, Gas and Oil Acreage continued firmly and put on 5 more to 405p, while Flair Resources also added 5 further, to 175p.

Inchcape provided an outstanding late feature in Overseas Traders, spurting 27 to 280p following a broker's upward revision of a profits forecast. James Finlay returned to favour and closed 3 dearer at 98p, but Gill and Duffus came on offer at 157p, down 4.

Money brokers encountered a little profit-taking, R. P. Martin reacting 5 to 370p. Mercantile House, however, closed unaltered at 485p, after 480p. Elsewhere in Financials, renewed demand left M. and G. Group 17 higher at 305p, while English Association revived with a gain of 7 to 165p. Among Trusts, Caledonia improved 10 to 280p in response to the interim results.

Shippings provided some outstanding movements. Poor interim results prompted a fall of 27 to 233p in Common Bros., but British and Commonwealth contracted with a gain of 9 to 317p in response to the increased interim profits and dividend. Speculative activity revived in P. and O. Deferred, which advanced 7 to 130p.

Among Textiles, Courtaulds were wanted at 64p, up 4, while interest was again noted for Dawson, 3 better at 137p: both are shortly due to announce interim results. John Beales, interim results today, added a couple of pence to 36p.

Plantations were featured by Inch Kenneth which advanced 43 for a two-day jump of 73 at 280p on continued speculative support in a restricted market.

Golds drift

Renewed uncertainty surrounding the course of the bullion price—down $2.25 more to $410.50 an ounce—continued to unsettle South African Gold shares which drifted in idle trading throughout the day to close at or around the day's lowest.

The Gold Mines index dropped 6.0 to 327.4, registering its fifth successive decline.

Actual selling of Gold shares was minimal but the withdrawal of London, Continental and New York support and the absence of any significant Johannesburg demand encouraged a general mark-down of prices.

London Financials failed to respond to good gains in UK equities and generally held around overnight levels.

In the Australian leaders, CRA fell 6 to a 1981 low of 174p. More speculative issues showed new lows for the year in International Mining, 19p, Kitchener Mining, 125p, and Mid East Minerals, 9p.

Elsewhere, Malaysia Mining Corporation rose 7 to 102p following gains in Kuala Lumpur and Singapore markets.

FINANCIAL TIMES STOCK INDICES

	Nov. 12	Nov. 11	Nov. 10	Nov. 9	Nov. 6	Nov. 5	A year ago
Government Secs	63.25	62.66	62.34	62.89	62.09	62.16	71.45
Fixed Interest	63.30	63.07	63.00	63.05	62.96	62.97	71.93
Industrial Ord	518.2	508.2	502.7	510.9	494.5	504.3	492.7
Gold Mines	327.4	333.4	347.2	351.7	353.0	353.9	453.7
Ord. Div. Yield	5.74	5.83	5.91	5.83	6.02	5.90	7.57
Earnings, Yld. % (full)	9.60	9.75	9.88	9.95	10.26	10.06	16.37
P/E Ratio (net) (*)	13.54	13.32	13.16	12.90	12.50	12.75	7.48
Total bargains	21,084	16,362	19,159	22,571	23,288	15,863	22,354
Equity turnover £m.	—	103.22	127.28	204.72	220.51	119.15	128,013
Equity bargains	—	12,548	14,981	20,077	23,460	14,619	16,529

10 am 519.2. 11 am 516.2. Noon 515.2. 1 pm 510.4.
2 pm 511.7. 4 pm 516.5.

Latest Index 01-246 8026.

*Nil = 12.08.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/5)	60.17 (26/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/5)	61.61 (26/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/8)	252.6 (23/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 11	Nov. 10
—Daily		
Gilt Edged Bargains	175.9	190.5
Equities Bargains	81.3	97.1
Value	206.6	257.5
5-day Avrge.		
Gilt-Edged Bargains	193.5	195.2
Equities Bargains	111.0	111.6
Value	313.2	328.9

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+or–	Div.	Times covered	Gross yield	P/E ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price £	+or–
[illegible]							

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+or–
[illegible]							

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. n Forecast since increase resumed. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for [illegible] Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ★ Effective issue price after scrip. † Comprising Ordinary of 1p and £1 of 10 per cent Loan 1988.

ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Wednesday's closing price pence	Day's change	Stock	No. of price changes	Wednesday's closing price pence	Day's change
GEC	13	745	+10	De La Rue	10	630	[illegible]
Unigate	13	99	+11	Shell Transport	10	382	[illegible]
Electrocpnts.	12	135	+10	Woolworth	10	53	[illegible]
Lasmo	12	495	+15	Chloride Group	9	24	[illegible]
Hawker Siddly.	11	330	+10	GUS "A"	9	433	[illegible]
Tube Investmts.	11	102	+ 2	Inchcape	9	253	[illegible]
Ultramar	11	500	+ 8	Sangers	9	32	[illegible]

WEDNESDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Bowater	215	+ 2	Marks and Spencer	126	[illegible]
Brit. and Comm.	317	+ 9	P & O Deferred	130	[illegible]
GEC	755	+10	RHM	67	[illegible]
Hill (C.) of Bristol	133	+13	Ropner "A"	207	[illegible]
ICI	288	+ 4	UDS	68	[illegible]
Inchcape	280	+27	Ultramar	500	[illegible]

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, November 11, 1981. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
[illegible]								

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate. (1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports. (3) Egypt—Floating rate fixed daily by Central Bank of Egypt for importers, exporters, tourists. (4) Argentina: June 22 Two Tier Policy Adopted. Commercial: Fixed by Central Bank of Imports and Exports. (5) Argentina: Financial allowed a clean float. (6) Somali: Parallel exchange rates introduced July 1—for essential imports. (7) Somali: Exports and Non-Essential Imports and Transfers. (8) Mauritius—devalued 20 per cent as of 28/9/81.

NEW HIGHS AND LOWS FOR 1981

The following quotation in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (18)

BRITISH FUNDS (1)
Treasury 9¼pc 83

CANADIANS (1)
Toronto Dom. Bk.

BEERS (2)
Bulmer (H. P.) Burtonwood

ENGINEERING (3)
Danks Gowerton Newman Tonks
Firth (G. M.)

INDUSTRIALS (6)
Dyson (J. & J.) A Moss (Robet.)
Do. A Pentland
J.B. Holdings Unilever N.V.

INSURANCE (1)
Combined Int.

LEISURE (2)
LWT A Saga Holidays

NEWSPAPERS (1)
Sharpe (W. N.)

TEXTILES (1)
Dawson Int.

NEW LOWS (26)

AMERICANS (3)
Kaiser Al. Woolworths
Tenneco

CANADIANS (1)
Massey Ferguson

BEERS (1)
Invergordon

STORES (1)
Pawson (W. L.)

ELECTRICALS (1)
Forward Technology

ENGINEERING (3)
Elliott (B.) Folkes Hefo N/V
Eva Inds.

INDUSTRIALS (4)
Arenson (A.) The Times Vn.
Redfearn Glass UKO

MOTORS (1)
Kwik-Fit

SHIPPING (1)
Common Bros.

SHOES (1)
Scott (David)

OIL & GAS (3)
Double Eagle Westfort Pet.
Moonie Oil

MINES (5)
Coronation Kitchener
GRA Mid. East Mins.
Int. Mining

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	35	—	6
Corpns. Dom. & Foreign Bonds	38	—	35
Industrials	358	142	866
Financial & Props.	227	40	241
Oils	18	30	54
Plantations	9	—	14
Mines	18	69	80
Others	49	52	45
Totals	802	333	1,331

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Nov 2	Nov 13	Feb 11	Feb 22
Nov 16	Nov 27	Feb 25	Mar 8
Nov 30	Dec 11	Mar 11	Mar 22

For rate indications see end of Share Information Service

Money was given for the call in Woolworths, Howard Tenens, RHM, Scottish and Newcastle, Cable and Wireless, Premier Oil, British Home Stores, Vosper, NSS Newsagents, Bryant, ICL, A.B. Electronics, English China Clays, Town and City Properties and Booker McConnell. Puts were done in Burmah Oil and Tozer Kemsley and Millbourn, while doubles were taken out in British Home Stores, Lasmo, British Mohair, Grand Metropolitan and RTZ.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., Nov. 12, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. Nov. 11 Index No.	Tues. Nov. 10 Index No.	Mon. Nov. 9 Index No.	Fri. Nov. 6 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (209)	339.55	+1.1	10.23	4.65	12.09	335.83	333.02	333.34	324.67	287.8
2	Building Materials (25)	288.95	+0.5	15.43	5.92	7.40	287.47	286.51	286.01	281.41	242.4
3	Contracting, Construction (28)	509.07	+0.7	18.72	5.42	6.24	505.65	506.88	506.49	495.05	421.1
4	Electricals (30)	1168.78	+1.4	7.81	2.45	15.99	1152.12	1134.82	1133.45	1101.67	932.1
5	Engineering Contractors (9)	487.14	+1.0	13.32	5.70	8.85	482.47	480.53	473.31	468.70	358.6
6	Mechanical Engineering (66)	189.02	+1.3	11.42	5.81	11.16	186.56	185.33	186.16	182.01	178.1
8	Metals and Metal Forming (12)	158.47	+1.1	9.11	7.66	14.96	156.70	156.91	158.11	154.12	149.3
9	Motors (21)	87.75	+1.6	—	7.73	—	86.33	85.31	86.92	82.73	95.8
10	Other Industrial Materials (18)	352.11	+0.4	9.37	6.42	12.99	350.66	349.07	350.47	337.58	0.0
21	CONSUMER GROUP (198)	271.58	+1.3	13.00	6.01	9.49	268.15	266.41	268.79	261.96	244.9
22	Brewers and Distillers (20)	273.88	+1.2	16.43	7.08	7.34	270.62	272.04	275.10	267.64	282.0
25	Food Manufacturing (21)	272.69	+1.0	14.62	6.22	8.26	270.00	267.42	269.58	262.61	215.7
26	Food Retailing (15)	561.20	+1.1	9.19	3.39	13.21	555.09	551.45	553.83	540.33	432.5
27	Health and Household Products (7)	358.03	+1.2	8.28	4.28	14.34	353.67	348.25	351.22	340.14	232.9
29	Leisure (24)	421.17	+1.5	9.67	5.23	12.83	415.02	413.53	413.38	402.85	350.5
32	Newspapers, Publishing (12)	459.83	+0.6	13.40	6.56	10.81	457.09	456.23	451.85	444.98	438.6
33	Packaging and Paper (13)	130.05	+1.0	15.86	8.19	7.52	128.79	126.93	127.55	125.19	127.0
34	Stores (46)	241.38	+1.4	11.91	5.56	11.25	238.15	235.53	239.29	232.05	252.5
35	Textiles (23)	148.11	+2.4	8.95	6.21	15.28	144.64	144.60	143.82	141.76	129.2
36	Tobaccos (3)	255.64	+1.7	22.24	10.18	5.18	251.39	251.49	255.03	252.88	211.6
39	Other Consumer (14)	257.90	+0.3	8.51	6.73	18.24	257.04	256.39	253.43	252.06	0.0
41	OTHER GROUPS (80)	222.89	+1.5	10.86	6.20	11.88	219.66	218.17	220.48	216.56	222.9
42	Chemicals (16)	295.35	+1.6	5.40	6.08	31.10	290.79	286.89	291.50	281.88	309.5
44	Office Equipment (4)	101.23	−0.2	18.06	8.70	6.62	101.45	100.71	100.97	99.67	105.8
45	Shipping and Transport (13)	504.23	+2.3	21.02	7.27	5.66	493.10	497.22	505.37	508.47	560.8
46	Miscellaneous (47)	282.77	+1.4	12.27	5.62	10.09	278.81	277.73	278.69	276.26	278.5
49	INDUSTRIAL GROUP (487)	288.04	+1.2	11.68	5.53	10.63	284.51	282.45	284.18	277.16	258.4
51	Oils (13)	722.85	−0.2	19.70	7.81	5.75	724.09	718.28	727.41	719.86	1036.1
59	500 SHARE INDEX	323.30	+1.0	13.11	5.93	9.23	320.15	317.78	320.11	313.04	319.7
61	FINANCIAL GROUP (119)	256.40	+1.0	—	5.93	—	253.90	253.33	255.52	250.34	250.1
62	Banks (6)	272.26	+0.9	32.79	6.92	3.59	269.91	270.98	273.52	268.12	253.9
63	Discount Houses (10)	246.45	+0.3	—	9.10	—	245.76	242.17	241.19	240.93	308.0
64	Hire Purchase (3)	224.76	−0.3	13.84	8.23	10.00	225.37	226.86	221.47	219.89	221.2
65	Insurance (Life) (9)	256.24	−0.4	—	6.24	—	257.16	255.93	256.91	249.69	260.8
66	Insurance (Composite) (10)	166.90	+0.3	—	8.02	—	166.45	165.16	168.38	165.40	163.7
67	Insurance Brokers (8)	424.53	−0.3	10.88	5.68	12.50	425.88	422.98	421.79	416.53	339.5
68	Merchant Banks (13)	156.59	+4.9	—	5.18	—	149.30	149.34	148.13	147.33	163.0
69	Property (50)	456.42	+2.0	4.35	3.14	30.99	447.59	447.04	450.70	439.64	463.8
70	Miscellaneous (10)	173.85	+0.5	18.48	6.32	6.58	173.07	172.37	173.52	169.97	169.8
71	Investment Trusts (110)	288.76	+1.1	—	5.56	—	285.52	286.88	284.98	283.70	290.2
81	Mining Finance (4)	239.22	+0.4	14.40	5.92	8.36	238.28	241.32	246.87	241.75	252.9
91	Overseas Traders (17)	410.27	+1.9	12.84	7.76	9.51	402.42	404.63	406.16	393.87	442.4
99	ALL-SHARE INDEX (750)	308.52	+1.0	—	5.94	—	305.48	303.96	306.11	299.74	305.7

FIXED INTEREST

	PRICE INDICES	Thurs. Nov. 12	Day's change %	Wed. Nov. 11	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	[illegible]				
2	5-15 years	[illegible]				
3	Over 15 years	[illegible]				
4	Irredeemables	[illegible]				
5	All Stocks	[illegible]				
6	Debentures & Loans	[illegible]				
7	Preference	[illegible]				

	AVERAGE GROSS REDEMPTION YIELDS		Thurs. Nov. 12	Wed. Nov. 11	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	13.29	13.40	11.49
2		15 years	13.80	13.93	11.45
3		25 years	13.81	13.94	11.46
4	Medium	5 years	[illegible]		
5	Coupons	15 years	[illegible]		
6		25 years	[illegible]		
7	High	5 years	[illegible]		
8	Coupons	15 years	[illegible]		
9		25 years	[illegible]		
10	Irredeemables		[illegible]		
11	Debs & Loans	5 years	[illegible]		
12		15 years	[illegible]		
13		25 years	[illegible]		
14	Preference		[illegible]		

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26p.

FT UNIT TRUST INFORMATION SERVICE

L & C Unit Trust Management Ltd.
The Stock Exchange, London EC2N 1HA 588 2800

L&C Inc. Fund	154.4	159.2	.....	9.42
L&C Intl & Gen Fd	133.3	137.5	.....	1.61

Legal & General (Unit Tst., Mngrs.) Ltd.
5 Rayleigh Rd., Brentwood 0277 217238

Equity Dis.	93.1	100.6	+0.9	4.47
Equity Acc.	130.4	141.0	+1.2	4.47
Gilt	105.3	110.8xd	+0.3	8.66

Leonine Administration Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114.

Leo Distribution	129.0	136.8	−0.3	0.42
Leo Accum.	153.2	162.5	−0.4	0.42

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)
Registrar's Dept., Goring-by-Sea, Worthing, West Sussex. 01-623 1288

Balanced	72.1	77.5xd	+0.8	4.86
Do. (Accum.)	113.1	121.6	+1.2	4.86
Energy Int.	46.2	49.6	.....	1.96
Do. (Accum.)	46.9	50.4	.....	1.92
Extra Income	60.8	65.3	+0.7	9.36
Do. (Accum.)	83.5	89.7	+0.9	9.36
Income	92.9	99.8xd	+1.0	7.41
Do. (Accum.)	153.0	164.5	+1.6	7.41
Int. Technology	80.6	86.6xd	+0.1	0.58
Do. (Accum.)	82.1	88.2	+0.1	0.58
N. American & Gen.	52.4	56.3	−0.3	1.21
Do. (Accum.)	53.4	57.4	−0.3	1.21
Pacific Basin	—	53.0	50.0	1.00
Do. (Accum)	—	50.0	50.0	1.00
Small Cos. & Recy	55.7	59.8xd	+0.3	2.92
Do. (Accum.)	58.4	62.7	+0.3	2.92
Worldwide Gwth.	87.0	93.5	+0.2	2.19
Do. (Accum.)	116.1	124.8	+0.2	2.19
Exempt Nov 3	104.9	110.4	.....	8.26

ΦUnauthorised. For tax exempt funds only.

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	261.8	275.5	.....	4.27

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Property Fd. Oct. 31		154.35	.....	6.80
Wider Fund Oct. 31		263.35	.....	5.27
Narrower Fd. Oct. 31		69.35	.....	14.72

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

American	73.0	78.5	−0.5	2.28
(Accum. Units)	79.0	84.9	−0.5	2.28
American Recovery	78.2	83.7xd	−0.5	1.47
(Accum. Units)	81.5	87.2	−0.5	1.47
Australasian	82.5	88.3	−1.2	1.80
(Accum. Units)	86.7	92.8	−1.3	1.80
Commodity	124.7	133.4	−0.8	3.43
(Accum. Units)	148.1	158.5	−0.9	3.43
Compound Growth	175.0	190.7	+0.3	3.58
Conversion Growth	119.3	127.7	−0.8	2.68
Conversion Income	74.3	79.5	−0.7	9.05
Dividend	128.9	137.9	−1.1	9.79
(Accum. Units)	294.8	315.4	−2.6	9.79
European	60.8	65.1	−0.5	3.74
(Accum. Units)	67.7	72.4	−0.6	3.74
Extra Yield	80.0	86.8	−0.3	10.05
(Accum. Units)	134.8	146.3	−0.4	10.05
Far Eastern	114.9	122.9	−1.0	1.51
(Accum. Units)	132.2	141.4	−1.2	1.51
Fund of Inv. Tsts.	88.5	95.5xd	.....	5.09
(Accum. Units)	122.8	133.8	.....	5.09
General	228.9	246.1	−0.2	6.19
(Accum. Units)	404.2	494.5	−0.6	6.19
Gilt Income	43.2	45.4xd	+0.2	12.61
(Accum. Units)	47.0	49.3	+0.2	12.61

Royal Tst. Can. Fd. Mgrs. Ltd.
48-50, Cannon St., London EC4M 6LD 01-236 6044

Capital Fund	88.3	91.9xd	.....	4.44
Income Fund	61.2	65.8	.....	11.39

Prices on Oct. 30. Next dealing day Nov. 13

For Saturn Fund Mngt., see SIMCO

Save & Prosper Group
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NX
Dealings to: 01-554 8899 or 031-226 7351

International Funds				
Capital	47.8	51.3	−0.2	2.66
I.T.U.	34.2	36.7xd	+0.4	4.35
Select International	357.1	383.9xd	−1.2	1.72
Univ. Growth	90.1	96.8xd	−0.6	0.73
Increasing Income Funds				
High-Yield	53.7	57.7xd	+0.8	8.61
Select Income	57.1	61.3xd	+0.7	6.91
High Income Funds				
Gilt & Fxd. Int. Inc.	44.8	47.2	+0.5	13.23
High Return	62.5	67.2	+1.0	8.83
Income	40.6	43.6	+0.5	10.62
U.K. Funds				
Gilt & Fxd. Int. Grth.	50.0	50.6	+0.4	5.11
UK Equity	59.9	64.4	+0.7	4.30
Overseas Funds (z)				
Europe	81.6	87.7	...	1.39
Japan	124.5	133.8	...	0.10
S.E. Asia	82.7	88.9	−0.5	0.70
U.S.	121.6	130.7	−1.1	0.71
Sector Funds				
Commodity	132.7	142.6	−1.1	3.23
Energy	141.1	151.7	−0.7	1.27
Exploration Fund (z)	40.0	43.0	−0.2	0.24
Financial Secs.	105.2	113.1	−0.2	2.43
New Technology (z)	47.1	50.6	−0.2	0.25
Fixed-Interest Fund (z)				
Intl. Bond Fd.	59.6	63.8	.....	2.28
Exempt Funds				
Exempt Income*	192.7	203.4	.....	7.43
Exempt Intl.*	357.0	376.8xd	.....	0.66

Prices at Nov. 11. Next sub. day Nov. 25.

Scotbits Securities Ltd.

Scotbits	49.7	53.4	+0.2	4.25
Scotyield	50.2	53.9	+1.0	7.99
Scotshares	82.9	89.1	+0.8	4.31

Schroder Unit Trust Managers Ltd.
48, St. Martins Lane, WC2. Dealings 0705 27733

Capital	175.6	188.8xd	+1.5	2.31
(Accum. Units)	230.4	247.7	+1.9	2.31
Income Fnd.	229.9	247.1	+2.6	7.84
(Accum. Units)	405.8	436.3	+4.6	7.84
Gen.	135.7	145.9	+2.3	3.89
(Accum. Units)	186.8	200.8	+2.9	3.89
Europe	23.0	24.7xd	+0.1	2.91
(Accum. Units)	27.7	29.7	.....	2.91
Smaller Co.'s	150.3	161.6	−0.4	2.94
American	56.0	60.2xd	−0.1	0.43
(Accum. Units)	56.0	60.2	−0.1	0.43
Tokyo	56.9	61.1	+0.5	0.18
(Accum. Units)	56.9	60.2	−0.4	0.18
Gilt & Fixed	43.5	45.7	+0.6	12.71
(Accum. Units)	45.7	48.1	+0.7	12.71
Australian	50.1	54.4	−0.2	3.79
(Accum. Units)	50.4	54.7	−0.4	3.79
Singapore & Malay	47.5	51.0	.....	1.23
(Accum. Units)	47.5	51.0	.....	1.23
*Pn.&C. Fd. Oct. 20	230.2	247.5	.....	5.48
*Recovery Nov 10	294.3	316.4	.....	4.14
*Spec. Ex. Nov. 10	458.3	492.7	.....	2.10
Euro. Except. Nov. 5	112.9	121.3	.....	2.58

*For tax exempt funds only.

INSURANCE PROPERTY BONDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

1981 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
64	57¼	Agric. Mt. 5pc '59-89	60	+¼	8.58	14.09
29½	23¾	Met. Wtr. 3pc 'B'	25	.....	11.80	14.15
114	97	U.S.M.C. 9pc 1982	100	.....	9.39	—
97¾	91	Do. without Warnts.	95	.....	9.90	—

Financial

1981 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
101½	94¼	FFI 14pc '83	96¾	.....	14.47	15.83
93½	88½	FFI(UK Fa)5½pcDb. '80-2	93	.....	5.97	15.99
83½	77	Do. 6¼pcDb. '81-84	79½xd	.....	7.86	14.93
93	84½	Do. 10½pc Uns.Ln. '86	87	+½	12.62	16.20
92	80	Do. 11pc Uns.Ln. '88	84	+½	13.75	15.40
92	80	Do. 11¼pc Uns.Ln. '90	83½	+1½	14.85	16.50
94½	78½	Do. 12¾pc Un. Ln. 1992	83	+1	15.42	16.35
64½	54½	Do. 7¼pcADeb. '89-92	55xd	.....	13.04	15.89
62	51½	Do. 7¼pcADeb. '91-94	54	+½	13.66	15.91
72½	59½	Do. 9pc 'A' '91-94	63	+½	14.55	16.10
70	56½	Do. 8¾pcLn. '92-97	60½	+1	15.14	16.28

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

CANADIANS—Continued

1981 High	Low	Stock	Price £	+ or –	Div. Gross	C'vr	Y'ld Gr's
120p	45p	Place Gas $1	50p	–5	—	—	—
17½	10¼	Rio Algom	16	–⅛	$1.50	—	4.2
13	10⅔	Royal Bk. Can. $1	12⅛	+⅛	$1.96	—	7.2
32⅛	25¼	Seagram Co. C$1	28¾	–½	US$1.40	—	2.7
14½	11¼	Tor. Dom. Bk. $1.	14½	+⅛	$1.80	—	5.5
11	750p	Trans Can. Pipe	945p	+3	$1.16	—	5.4

BANKS AND HIRE PURCHASE

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
348	208	ANZ SA1	332	+2	Q24c	3.6	4.4	6.2
280	194	Alexanders D. £1	228	+3	17.0	—	10.6	—
*£62½	£48¾	Algemene Fl.100	£62	.....	Q26%	1.9	9.2	5.7
405	247	Allen Harvey £1	270	.....	23.0	—	12.2	—
*116	98	Allied Irish	102	–3	Q3.9%	5.5	9.8	2.7
21¼	13	Ansbacher (H.)5p	16¼	–1	0.15	—	1.3	—
355	234	Arbuthnot L. £1	315		12.0	—	5.4	—
310	260	Bk. Ireland £1	280xd		Q28.9%	—	9.1	—

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Contd.

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
182	102	[illegible]	130	–4	6.75	3.7	7.4	4.1
83	36	[illegible]	80	–4	2.5	7.1	4.5	3.3
208	58	[illegible] (Connolly)	160	.....	2.25	10.7	2.0	5.4
129	73	Wimpey (Geo).	86		2.55	4.9	4.3	5.3

CHEMICALS, PLASTICS

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
510	295	Akzo Fl 20	465		—	—	—	—
153	98	Allied Colloid 10p	144	–3	2.73	1.9	2.7	24.1
92	60	Anchor Chem.	75	.....	2.38	0.2		—
49	31	Arrow Chemicals	38		—	—	—	—
£34¼	£23½	BASF AG DM50	£32½	.....	Q14%	1.4	5.2	14.0
*£32½	£20¾	Bayer AG. DM50	£28½	.....	Q21.88	1.2	9.3	9.2
116	86	Blagden Noakes	93	.....	6.0	1.4	8.7	(8.7)
126	90	Brent Chem 10p	109	.....	2.0	2.3	2.6	19.5
*24½	14	Brit. Benzol 10p	19		—	—	—	—
38	21	Brit. Tar Prd. 10p	30	–1	2.1	1.1	10.0	(12.3)

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
82	38	[illegible] Electronic 20p	46	.....	1.57	3.4	5.0	7.5
*550	257	Utd. Scientific	493	+3	16.0	3.0	1.7	33.7
215	35	[illegible]	75	+5	—	—	—	—
114	69	Ward & Gold	96	.....	5.4	2.1	8.0	(6.8)
137	80	Weber El. 12½p	102		d3.5	1.6	4.9	(18.0)
26½	14	Wellco Hlds. 5p	15	.....	1.0	♦	9.9	♦
50	18¾	Westn Select 20p	35	.....	2.3	1.5	9.4	9.5
121	53	Whitworth El. 5p	107	.....	1.51	8.5	2.0	6.2
265	162	Wholesale Fig 10p	192	+2	4.13	3.2	3.1	14.3
190	130	Wigfall (H.)	144	+1	6.0	1.4	6.0	(15.8)

ENGINEERING MACHINE TOOLS

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
25	20	Al Ind. Prods.	14	.....	0.01	—	—	—
297	163	A.P.V. 50p	220	–3	9.0	3.5	5.8	5.4
11½	4	Abwood 10p	10½	.....	♦—	—	—	11.3

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

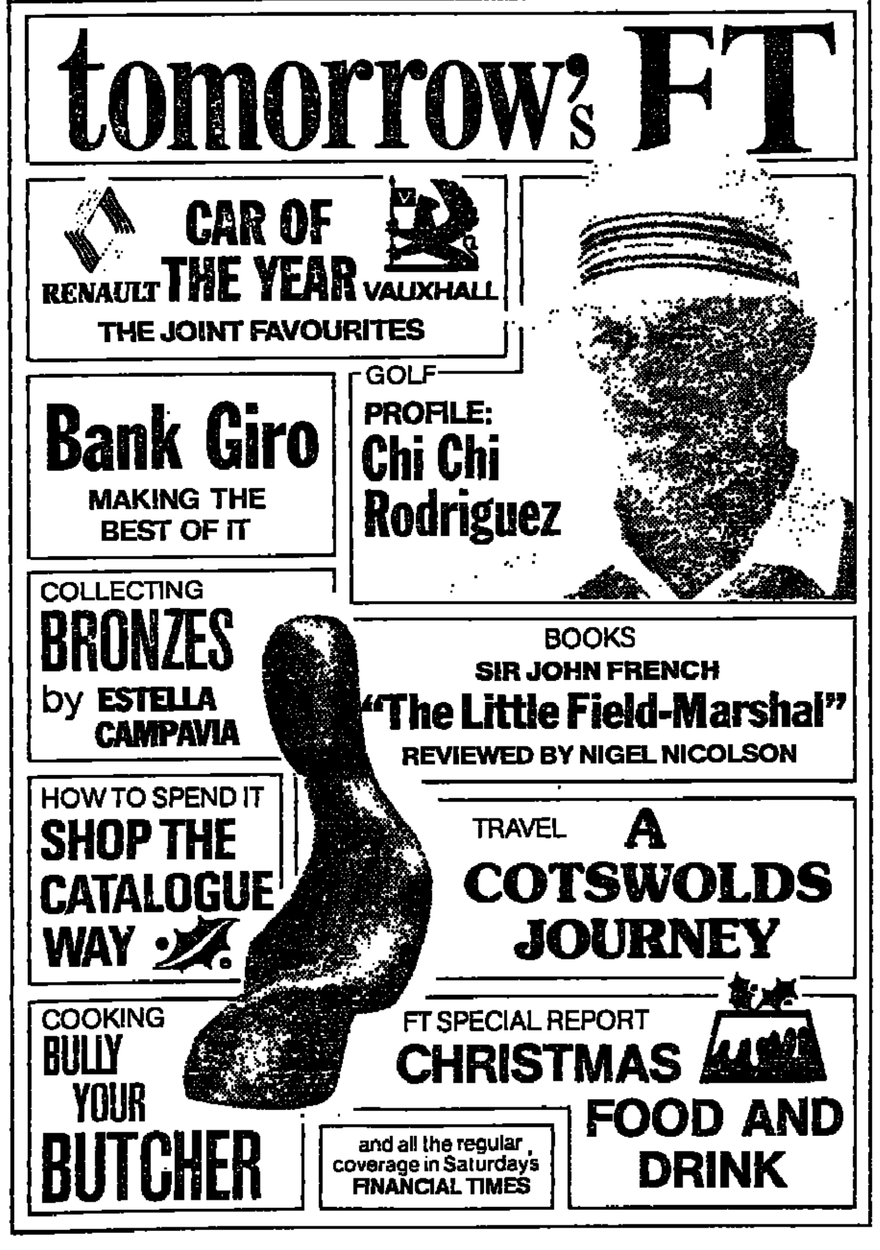
[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]



INDUSTRIALS—Continued

INSURANCE

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

Indian and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
45	32	Acmex 50c	45	....	Q2.5c	—	3.5
41	14	ACM 20c	21	−1	—	—	—
21	9	Argosy Gold NL 25c	11	....	—	—	—
229	134	Bond Corp.	158	....	Q10c	2.3	4.0
112	67	Bougainville Kina	70	....	Q25.4c	1.0	‡
302	174	CRA 50c	174	−6	Q19c	1.7	6.6
25	9	Canada Northwest	$10\frac{1}{2}$	$+\frac{1}{2}$	—	—	—
35	11	Carr Boyd 20c	13	....	—	—	—
415	43	Central Pacific	60	−4	—	—	—
35	4	Cons. Gold Mn. N.L. 25c	4	....	—	—	—
47	13	Cultus Pacific N.L.	17	−1	—	—	—
68	22	Eagle Corp. 10c	25	....	—	—	—
40	$18\frac{1}{2}$	Endeavour 20c	21	....	—	—	—
560	310	G. M. Kalgoorlie 25c	390	−5	$Q32\frac{1}{2}c$	φ	5.1
25	$6\frac{1}{2}$	Great Eastern	$7\frac{1}{2}$	....	—	—	—
185	60	Greenbushes Tin 50c	70	+5	Q6c	1.9	5.2
275	130	Hampton Areas 10p	136	−2	2.5	3.1	2.6
168	31	Haoma Gold N.L.	32	....	—	—	—
85	19	Intl. Mining	19	−1	—	—	—
118	24	Jumberlana 50cFP	28	−2	—	—	—
15	$8\frac{1}{2}$	Kalbara Min 20c	$8\frac{1}{2}$	....	—	—	—
245	125	Kitchener NL 25c	125	−5	—	—	—
105	16	Leichardt Expln.	18	....	—	—	—
430	275	Meekatharra	315	−15	—	—	—
70	38	Metals Ex. 50c	40	+2	Q3c	1.7	4.6
38	19	Metramar Mns. 20cts	22	....	—	—	—
20	9	Mid East Mns. NL	9	$-\frac{1}{2}$	—	—	—
290	189	M.I.M. Hldgs. 50c	198	−4	Q15c	φ	4.8
21	$7\frac{1}{2}$	Minefields Expl. 25c	8	$-\frac{1}{2}$	—	—	—
20	13	Newmetal 20c	16	....	—	—	—
69	32	Nickelore N.L.	32	....	—	—	—
204	147	North B. Hill 50c	161	−1	Q18c	1.0	7.0
84	50	Nth. Kalgurli	75	....	—	—	—
200	94	Nth. Mining Corp	165	....	—	—	—
122	20	N. West Mining N.L.	21	−1	—	—	—
150	106	Oakbridge 50c	113	....	$Q6\frac{1}{2}c$	1.9	3.6
185	90	Oilmin N. L.	90	....	—	—	—
188	102	Pacific Copper	102	....	—	—	—
*423	126	Pancont'l 25c	146	−2	—	—	—
88	42	Paringa M&Ex.5p	62	....	—	—	—
525	325	Peko-Wallsend 50c	345	....	Q15c	—	2.7
43	16	Pelsart Res NL	16	−1	—	—	—
120	54	Seltrust A.	54	−2	—	—	—
157	18	Southern Pacific	28	−1	—	—	—
100	40	Swan Resources 20c	45	....	—	—	—
316	60	Vultan Mins 20c	70	....	—	—	—
$18\frac{1}{2}$	8	West Coast 25c	$8\frac{1}{2}$	....	—	—	—
130	80	Westn. Cont 50c	*80	....	—	—	—
335	227	Westn. Mining 50c	241	−4	Q14c	1.6	3.5
27	14	Westmex	14	....	—	—	—
76	36	Whim Creek 20c	38	....	—	—	—
101	21	York Resources	23	....	—	—	—

Tins

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
16	$7\frac{1}{2}$	Amal Nigeria 1p	8	....	‡b6.0	—	—
300	210	Ayer Hitam $M1	235	....	Q135c	φ	13.7
210	98	Geevor	165	....	—	—	—
12	8	Gold & Base $12\frac{1}{2}p$	12	....	—	—	—
660	470	Gopeng Cons	475	....	213.0	φ	3.9
450	310	Hongkong	320	....	21.0	φ	9.4
160	110	Idris 10p	155#	....	‡9.0	0.8	‡
*29	10	Jantar $12\frac{1}{2}p$	19	....	1.5	4.0	11.3
98	60	Kamunting $M0.50	70	....	$Q27\frac{1}{2}c$	0.8	0.0
665	363	Killinghall $M1	500	....	‡Q66.7c	φ	3.2
114	88	Malaysia Mng. 10c	100	+5	φbQ38c	0.9	9.3
68	30	Pahang	32	....	‡0.63	0.8	‡
125	90	Pengkalen 10p	120	....	3.5	—	4.2
380	290	Petaling $M1	290	....	‡Q180c	1.4	‡
25	19	South Crofty 10p	24#	....	—	—	—
225	185	Sungei Besi $M1	195	....	Q310c	1.1	37.9
185	90	Supreme Corp. $M1	90	....	$gQ15\frac{1}{2}c$	φ	4.2
118	100	Tanjong 15p	100	....	3.5	3.7	5.0
90	60	Tongkah H. Tin 1$m	67	....	Q25%	φ	9.0
410	220	Tronoh $M1	250	....	‡Q110c	1.2	‡

Copper

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
410	165	Messina R0.50	310	....	‡Q45c	4.7	8.3

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	32	Anglo-Dominion	40	....	—	—	—
$25\frac{1}{2}$	12	Burma Mines 10p	14	....	0.75	0.9	7.7
330	85	Colby Res. Corp.	145	−5	—	—	—
330	200	Cons. Murch. 10c	280	....	‡Q30c	1.8	6.1
10	6	††Explaura Gold	7	....	—	—	—
98	47	††Hemerdon 10c	55	....	—	—	—
180	65	Highwood Res.	85	....	—	—	—
505	260	Northgate C$1	300	....	—	—	—
633	372	R.T.Z.	470xd	+3	16.0	2.3	4.9
$£130\frac{1}{2}$	$£93\frac{1}{2}$	Do. $9\frac{1}{2}$% Cv. Un. Ln. '95-2000	$£106\frac{1}{2}$	$+\frac{1}{2}$	$Q9\frac{1}{2}\%$	—	f9.1
103	13	††SPO Minerals 10p	25	....	—	—	—
47	20	Sabina Inds. C$1	23	−1	—	—	—
44	21	☆Southwest C. 10p	27	....	—	—	—
650	465	Tara Expon. $1	600	−10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim, reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- || No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xβ ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	40	....	Conv. 9% '80/82	£93	$+\frac{1}{8}$
Bertrams	10	....	Nat. $9\frac{3}{4}$% 84/89	$£69\frac{5}{8}$	....
Bdg'wtr. Est. 50p	405	+5	Fin. 13% 97/02	$£74\frac{1}{2}$	$+\frac{1}{8}$
Craig & Rose £1	£13	....	Alliance Gas	76	....
Finlay Pkg. 5p	23	....	Arnott	222	....
Graig Ship. £1	£21xd	....	Carroll (P.J.)	80	+2
Higsons Brew	64	+1	Concrete Prods	90	....
Holt (Jos) 25p	510	....	Helton (Hldgs.)	$23\frac{1}{2}$	....
I.O.M. Stm £1	150	....	Irish Ropes	38	....
Pearce (C. H.)	800	....	Jacob	63	....
Peel Hldgs	120	....	T.M.G.	$21\frac{1}{2}$	$+\frac{1}{2}$
Sheff. Refrshmt	90	....	Unidare	56	−1
Sindall (Wm.)	190	....			

OPTIONS

3-month Call Rates

Industrials					
A. Brew	$6\frac{1}{2}$	House of Fraser	13	Utd. Drapery	$6\frac{1}{2}$
BOC Intl	11	I.C.I.	18	Vickers	15
B.S.R.	$7\frac{1}{2}$	"Imps"	5	Woolworths	$4\frac{1}{2}$
Babcock	9	I.C.L.	5	**Property**	
Barclays Bank	36	Ladbroke	13	Brit. Land	7
Beecham	17	Legal & Gen.	20	Cap. Counties	10
Blue Circle	38	Lex Service	9	Land Secs.	30
Boots	18	Lloyds Bank	28	MEPC	20
Bowaters	19	"Lofs"	$3\frac{1}{2}$	Peachey	15
Brit. Aerospace	17	London Brick	$6\frac{1}{2}$	Samuel Props	13
B.A.T.	28	Lucas Inds	18	Town & City	$2\frac{1}{4}$
Brown (J.)	8	"Mams"	11	**Oils**	
Burton Ord	12	Mrks. & Spncr.	10	Brit. Petroleum	28
Cadburys	8	Midland Bank	26	Burmah Oil	11
Courtaulds	$5\frac{1}{2}$	N.E.I.	7	Charterhall	6
Debenhams	7	Nat. West. Bank	30	KCA	12
Distillers	16	P & O Dfd.	9	Premier	7
Dunlop	$6\frac{1}{2}$	Plessey	26	Shell	28
Eagle Star	25	Racal Elect.	34	Tricentrol	25
F.N.F.C.	4	R.H.M.	5	Ultramar	40
Gen. Accident	30	Rank Org. Ord	14	**Mines**	
Gen. Electric	55	Reed Intnl.	23	Charter Cons.	21
Glaxo	32	Sears	5	Cons. Gold	40
Grand Met.	15	Tesco	5	Lonrho	7
G.U.S. "A"	36	Thorn EMI	30	Rio T. Zinc	45
Guardian	30	Trust Houses	11		
G.K.N.	12	Tube Invest.	12		
Hawker Sidd.	25	Turner & Newall	$7\frac{1}{2}$		
		Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 36

FINANCIAL TIMES

Friday November 13 1981

BL, Honda sign car deal

BY JOHN GRIFFITHS

BL AND HONDA have signed a letter of intent to jointly develop and manufacture a new executive car. The agreement breaks new ground in terms of collaboration between Japanese and European motor manufacturers.

If it is confirmed—a formal *commitment to production* will not be signed until the end of next year—BL would manufacture its own version of the car and another for Honda. The vehicles would be different in appearance but share the same basic components. Honda would make both models in Japan.

The cars would be sold through the companies' respective dealer networks in Europe and Japan but would compete in North America.

Details of the project, which *involves the companies as equal* partners, were given in Tokyo yesterday by Mr Ray Horrocks, chairman of BL Cars, and Mr Kiyoshi Kawashima, president of Honda.

Mr Kawashima said the agreement was "unique and of great significance," and provided a pointer to how future co-operation with Japan could develop.

The car, dubbed project XX, is planned to go into production in 1985 and is intended to be sufficiently advanced in technology and fuel efficiency to last into the 1990s. As such, it is almost certain that the car would be completely new, including engine and gearbox.

While BL would yesterday give no cost estimates for the project, it is estimated that a total of about £300m at current prices would be needed.

Mr Kawashima said that the cost would be borne equally, but he ruled out any formal financial links between the companies.

However BL indicated that no additional Government funding would be sought. The project's *initial costs were contained* within the corporate plan already submitted to the UK Government under which BL should next year draw the remaining £500m of its £990m allocation for 1981 and 1982.

The plan already includes allocations to models codenamed LM 14 and LM 15. They are members of the LC 10 family of medium cars on which rests BL's hopes of regaining *profitability*.

The first is due to appear in 1983 but LM 14 and LM 15 are the expected replacements for the Princess and Rover executive models are due to start production at the same time as the joint model.

Since Mr Horrocks said yesterday that the joint car would be based on the design philosophy of the LC 10 there must be a strong possibility that the projects will be merged.

Detailed studies on component sourcing, manufacturing and marketing will be carried out in the next few months.

Neither company is expected to undertake substantial *investment in equipment or tooling* until 1983, the year in which BL hopes to start breaking even. It expects another £500m loss this year.

Both sides stressed the preliminary nature of the agreement, which would be subject to "detailed negotiations on major issues and possibly to certain formal approvals."

Inevitably the issues will centre on the degree of UK *and European components* for the car. BL's first co-operation deal with Honda, the Triumph Acclaim launched last month, was controversial in that it is basically a Honda model built under licence.

The Government will also have to give its approval, though the Department of Industry has been kept in close touch with the negotiations.

The car would mark an important upgrading of Honda's range which has yet to tackle the executive market. Its largest car is of 1.8 litre engine capacity, while the new model is expected to be of 2 litres. The bulk of Honda's output is in the 1.3-1.6 litre range.

Mr Horrocks gave no details of potential annual output or where the car would be built in the UK. The obvious candidates are Cowley or Longbridge, both the subject of major recena investment.

Honda expects to build new capacity as its existing plants are fully occupied producing nearly 1m cars a year.

Background, Page 26

Heseltine ready to respond over rates

By Peter Riddell, Political Editor

MR MICHAEL HESELTINE, the Environment Secretary, last night said that he was ready to consider alternatives to his current proposals for limiting local authority expenditure and rate increases. This was in response to a threatened revolt by a sizeable number of Tory backbenchers.

Speaking in the House of Commons in reply to a Labour motion criticising the proposals in principle. Mr Heseltine offered no specific concessions. There has so far been no decision by the Government to make any changes to the key features of the Bill.

Mr Heseltine's approach was, however, conciliatory. In reply to suggestions that the Bill should have a time limit of three years or should require annual renewal, Mr Heseltine said this was "a very sensible amendment to consider."

He gave no hints about any changes, though he stressed his willingness to explore other methods provided that these fulfilled the basic aim of *containing local expenditure* within the overall planned levels.

Mr Heseltine's tone appeared to have succeeded in limiting the immediate revolt, since nearly 20 MPs are believed to have told the Tory whips that while they would support the Government against the Labour motion they would oppose the Bill later on second reading. This is now not likely to be until the week after next at the earliest.

Strongest critics were still not satisfied. Mr Patrick Cormack, Tory MP for south west Staffordshire welcomed Mr Heseltine's willingness to think again.

Mr Cormack said he was not intending to support the Government in last night's vote. Unless thet proposals, particularly the suggested use of referendums, were altered, he would "most definitely" vote against the Bill on second read*ing. His view is shared by a* number of other Tory MPs.

The Government is waiting to gauge the strength of feeling among backbenchers after yesterday's debate before deciding whether, and what, concessions need to be made to get the Bill through.

He stressed that any alternative methods would have to fulfil the basic objectives in time for next year's rate fixing round. He appeared to be appealing to the critics to come up with more effective and more acceptable alternatives.

Mr Heseltine said that if "better alternative ways of dealing with the problem could be produced there would be no time objective to these being adopted."

Parliament, Page 10

THE LEX COLUMN

Crushed in the rush at Exco

The Exco International issue is the kind of affair that might give a casino a bad name. This is a medium sized financial service group with no profits record to speak of, and not much in the way of assets. Purely on the strength of the prospectus, an historic price earnings ratio of 14.1 at the offer price might have looked a rather bold piece of pricing.

But in the event, its £20m share sale has been wildly oversubscribed — by perhaps *100* times, according to some guesses. That adds up to £2bn of speculative money which, for what it is worth, is roughly equal to the combined stock market value of Barclays and Lloyds. Some brokers are saying that the shares are a buy at up to 210p, which would represent a premium of 50 per cent on the offer price and value the business at about £90m.

So there will be red faces at N. M. Rothschild, the issuing house, which with hindsight clearly pitched the price too low. The timing of the issue was extraordinarily favourable, coming shortly after the stags had pocketed big gains on the Cable and Wireless issue, in a period when the market as a whole has been rising strongly and when money brokers are in high fashion as an investment.

On top of all that, the response to this issue seems to indicate something pretty un*healthy about the London* securities market at present. Huge sums of speculative money are swinging from one short term play to another in a most unstable fashion.

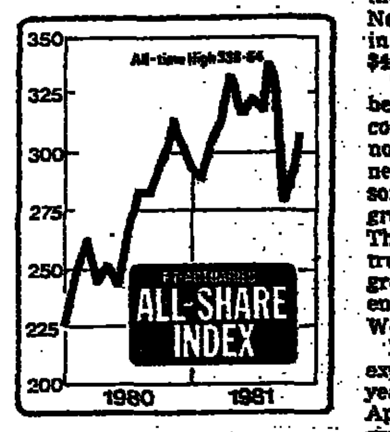
The offer for sale of Mercantile House—*another money* broking firm — was oversubscribed 70 times two years ago, although the amounts involved were much smaller. Given the ridiculous consequences of mispricing, there must be a case for a tender system of selling shares which are so subject to the fashion of the moment.

Japanese brokers

The surge of foreign interest in the Tokyo stock market has been most welcome to Japan's securities industry. With foreigners excluded from membership of the Tokyo Stock Exchange, Japanese companies have kept all the spoils and the results has been a steep rise in profits for the year to September.

The four largest companies have recorded increases in net income ranging from 29.4 per cent, in the case of Nikko, to 56.6 per cent at Daiwa. Transactions on the Tokyo exchange increased by only 6 per cent over the year but, with the big companies obtaining the lion's share of foreign institutional business, their own market share has almost certainly grown. Nomura alone is claiming a 19.3 per cent share of equity transactions, against 15.7 per cent in the previous year, and a 28.3 per cent share of bond dealings.

Index rose 10.0 to 518.2



Commissions per transaction have also risen, by perhaps a quarter on average, so even the most sluggish of the big four has pushed up income from equity commissions by a third. On top of that, the big companies have profited from the sharp increase in equity and debt offerings on the Tokyo market. Japanese companies issued around Y1,700bn of new equity in Tokyo during the period to September, roughly double the level of the previous year.

The securities companies must be hoping that the good times continue since operating *costs are rising fast and their* growing overseas operations are unlikely to be providing a satisfactory return on capital yet. Foreigners have recently become a little disenchanted with the Tokyo market but, with Nomura's profits exceeding those of any Japanese banks, the position of the securities firms is still strong enough to make London brokers green with envy.

Ultramar

ULTRAMAR has surpassed its own expectations in the third quarter, maintaining the progress—in sterling terms, at least—of the first half of the year. So, for the first nine months pre-tax profits have risen by 50 per cent to
A rising tax charge in
and adjustment for the
of currency translation
the picture less
Nevertheless, after-tax
in dollar terms are down
$4m at $124m.

The key to the resilience
been the limited extent
company's refining capac
not so long ago cited as a
ness. World overcapacity
soft oil prices have allowed
group to play *the* spot
This has been nowhere
true than in Canada, where
group has not taken up
entitlement to crude
Western provinces.

From £54m in 1980,
expenditure is set to double
year and double again
Apart from a heavy drilling
gramme round the world
company is expanding
ping, doubling its
LNG capacity and
its Quebec refinery.
gearing will start rising

The heavy dependence
businesses, in Indonesia
Canada, remains the
main vulnerability
reason for the aggressive
sion programme elsewhere
the financing pressure
smaller North Sea
grows, it would not be surp
to see Ultramar make a m
this direction. The shares
unchanged yesterday at
where the prospective yie
per cent.

B and C

British and Common
has been stuck on a pre-ta
fits plateau of between
and £30m for the last five
and it is not going to
through this year. Neverth
the company has pushe
interim profits by £1.7
£13.1m at the pre-tax leve
promises to show an inc
of at least a tenth to pe
£27m for the full year; a
contrast to the likely per
ance of other companies
ved in either shipping o
transport, let alone bot
dividend hike from a trad
ally stingy purse also hi
boardroom confidence.
shares rose 9p yesterday to
where the prospective yi
6.2 per cent.

B and C's shipping int
are no longer so exposed t
bulk carier markets, whil
UK seems to be coming s
under control. The other
of the trading portfolio
have a healthier look to
But the emphasis is shifti
the investment and fina
arms of the group, which
past have taken a back se

Demand is heavy for Exco shares

By Duncan Campbell-Smith

THE keenly-awaited sale offer of shares in Exco International was yesterday oversubscribed by a huge margin.

Anyone wanting to deliver personally an application for shares in Exco had precisely two hours and one minute in which to find Barclays Bank's New Issues Department in the City. When all the applications had been collected, however, no one could be precise about the time needed to count them—and it was evidently going to take some days and nights.

Several hundred callers made it to the bank between 8 am and 10.01 am, adding their cheque-laden envelopes to a great pile of mail bags which had mounted up since Monday. Thirteen more bags arrived in Barclays' morning post.

The hopeful subscribers had exhausted a stock of 40,000 prospectuses in their pursuit of an offer for sale of 14.5m ordinary shares in the holding company for Astley and Pearce and the Godsell group, two of London's leading international money broking companies.

At 140p a share, the offer seemed to promise rapid profits for investors quick enough to buy at the launch and sell at the first trading opportunity.

Heavy demand for the shares was expected after the success of the recent £224m flotation for Cable and Wireless. But the extent of the over-subscription for this sale, yielding proceeds of about £20m, prompted eager speculation in the market about the likely price level in first trading.

This is scheduled for Wednesday morning. A few important details must be settled in the meantime—not least the allotment of the shares.

Barclays has drafted in 150 volunteers from its City and West End branches to count the applications. When this is done, perhaps by Sunday evening, N. M. Rothschild, the issue manager, must decide how best to allocate the joys and disappointments of the day.

The basis of this allocation was the market's first preoccupation yesterday though Rothschild was giving nothing away.

As for next week's market price, the jobbers themselves had no clue to offer and would not comment on brokers' expectations of a substantial premium over the 140p offer price.

Thatcher disbands Civil Service Department and cuts staff

BY ROBIN PAULEY AND PHILIP BASSETT

MRS THATCHER confirmed yesterday that the Civil Service Department is to be disbanded immediately and that its roles are to be taken over by the Treasury and Cabinet Office.

The Prime Minister told the Commons that the Treasury will take control of civil service manpower, pay and the central computer and telecommunications agency.

A new Management and Personnel Office will be established to work alongside the Cabinet Office dealing with management, organisation and overall efficiency including recruitment, training and personnel policy.

Mrs Thatcher said the new arrangements, involving the shifting of 4,650 of the department's civil servants out of the Old Admiralty Buildings and moving them down Whitehall, would mean staff savings. But these are likely to result from *eliminating duplication and the* sharing of common services rather than by a reduction in functions. "There will be greater efficiency than we have had for years," Mrs Thatcher said.

Mrs Thatcher's decision reflects her belief that greater control of pay and manpower will be achieved by the move. It also means that she does not intend to repeat her performance when handling the recent Civil Service strike.

The move indicates the final failure of the Civil Service Department after 13 years of existence. It has failed to achieve a slimmer, more efficient Civil Service with a wide *range of broadly experienced* civil servants in key positions throughout Whitehall.

Sir Ian Bancroft, Head of the Home Civil Service, and Sir John Herbecq, second Permanent Secretary at the Depart*ment, will leave their jobs today* in one of the speediest exits Whitehall has ever seen. Sir Ian was due to retire in December and Sir John next May.

Sir Robert Armstrong, Cabinet Secretary, and Sir Douglas Wass, Permanent Secretary to the Treasury, will become joint heads of the Home Civil Service.

Mr Jock Bruce-Gardyne, Minister of State at the Treasury, will become Economic Secretary to the Treasury, and Mr Barney Hayhoe, Minister responsible for the Civil Service, will become a Minister of State.

Sir Ian told leaders of the nine civil service unions yesterday that *Mrs Thatcher felt that* half way through the Government's life was the time to get a firm grip on both manpower and civil service pay.

The unions will meet on November 24 to start framing this year's pay claim. Mrs Thatcher has moved in advance of that and could now make individual pay offers to different occupational groups to reflect more closely the forces of the labour market.

Mr Bill Kendall, secretary general of the Council of Civil Service Unions, said the change would result in a serious loss of central government effectiveness and was therefore "administrative nonsense."

He added that it would further damage "what was left" of the Civil Service industrial relations and morale would fall again.

Mr Gerry Gillman, general secretary of the Society of Civil and Public Servants, representing about 100,000 middle-rank Civil Servants, said Mrs Thatcher's move was vindictive and part of her personal vendetta against Civil Service unions.

The Government has reduced the size of the civil service by 52,500 since it took office. There are now 679,800 civil servants, the smallest number for 14 years. But the Government has a target of 630,000 by 1984.

This would be the smallest civil service since the war. The reductions have so far produced savings of £370m a year since 1979.

Parliament, Page 10; Feature and Editorial Comment, Page 18

Danish election next month

BY HILARY BARNES IN COPENHAGEN

MR ANKER JOERGENSEN, the Danish Prime Minister, last night called a General Election for December 8 after Parliament had rejected his minority Social Democratic Government's economic programme.

The Government was defeated at the end of a day-long debate by 78 votes to 74 on an opposition resolution calling on it to withdraw a key part of its plan.

The last election was in October 1979. Mr Joergensen has headed every administration since 1975.

Voters face a choice between a continued Social Democratic government or a Conservative-Liberal minority coalition headed either by Mr Henning Christophersen, the Liberal leader, or Mr Poul Schluetter, the Conservative leader.

Recent opinion polls have indicated waning support for the Social Democrats and a marked increase in support for the Conservative Party. But it is unlikely that the election will produce changes in the 10-party Folketing (Parliament) so substantial that either of the potential governments will be able to rely on a stable majority for long. The new administration will probably have to depend on the support of the small centre parties.

A guide to the mood of the electorate will emerge in Tuesday's local government elections.

The opposition was unable to accept a key proposal in the Government's economic programme forcing pension funds and life assurance companies to *invest a substantial share of* their assets as equity capital in industry and in cheap loans to industry and agriculture.

Parties look for majority, Page 2

Industrial output Continued from Page 1

alter the picture substantially.

In spite of these gains output is still at an extremely low level in most sectors. The September all-industry index is 11 per cent below its 1979 average and has not recovered its 1976 position.

In the latest quarter output was 4 per cent less than a year ago, and 5.5 per cent down if the effect of North Sea oil and gas production is ignored.

Manufacturing output, recovering slowly since the spring, was by September still 5 per cent less than its average last year.

The index for the implied level of output—after adjustment of stock-change figures—puts manufacturing output at almost the same level between the first and second quarters of the year, and the total for all industries at about half a percentage point down over the same period.

Weather

UK TODAY

DRY with sunny intervals. Temperatures a little below normal.

London, S.E., E., N.E. England, Midlands, Borders
Mainly dry, sunny intervals. Max 10C (50F).

S.W., N.W. England, Wales, N. Ireland, Channel Is.
Rather cloudy, some sunny intervals. Max 11C (52F).

Rest of Scotland
Scattered showers, sunny intervals, becoming cloudy. Max 8C (46F).

Outlook
Dry and bright in the south. Mild and rather cloudy in the north with rain or drizzle.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	17	63	Locarno	S	9	48
Algiers	S	23	73	London	C	11	52
Amsdm.	C	10	50	L. Ang.†	C	14	57
Athens	S	13	55	Luxmbg.	C	7	45
Bahrain	C	29	84	Luxor	S	26	79
Barclna.	S	17	63	Madrid	S	14	57
Beirut	C	17	63	Majorca	S	21	70
Belfast	C	8	46	Malaga	S	21	70
Belgrd.	C	6	43	Malta	F	16	61
Berlin	R	5	41	M'chstr.	S	10	50
Biarritz	F	12	54	Mx. C.†		—	—
Bmghm.	C	10	50	Miami†	F	17	63
Blackpl.	C	11	52	Milan	S	8	46
Bordx.	S	14	57	Mntrl.†	Sn	−4	25
Boulgn.	C	11	52	Moscow	C	0	32
Bristol	C	11	52	Munich	R	3	37
Brussels	C	10	50	Nairobi		—	—
Budpst.	C	5	41	Naples	C	13	55
Cairo	C	22	72	Nwcstl.	S	10	50
Cardiff	F	11	52	N York†	F	3	37
Cas'b'ca	C	25	77	Nice	S	16	61
Cape T.		—	—	Nicosia	F	16	61
Chicg.†	F	2	36	Oporto	S	18	64
Cologne	C	6	43	Oslo	F	2	36
Cpnhgn.	C	8	46	Paris	C	11	52
Corfu	S	14	57	Prague	C	2	36
Denver†	F	1	34	Reykjvk.	C	1	34
Dublin	C	10	50	Rhodes	S	12	54
Dbrvnk.	F	12	54	Rio J'd†	R	13	55
Ednbgh.	S	9	48	Roma	F	13	55
Faro	F	22	72	Salzbrg.	Sl	1	34
Florence	C	10	50	S F'cisc†	R	16	61
Frankft.	C	4	39	Singapr.	R	31	88
Funchal	C	22	72	S'dago†		—	—
Geneva	C	8	46	Stckhm.	F	2	36
Gibraltar	S	19	66	Strasbg.	C	5	41
Glasgow	F	9	48	Sydney	C	23	73
G'msey	C	11	52	Tangier	S	23	73
Helsinki	C	2	36	Tel Aviv	R	17	63
H. Kong	F	23	73	Tenerife	C	26	79
Innsbrk.	Sl	3	37	Tokyo	F	14	57
Invrnss.	F	7	45	T'ronto†	F	−4	25
I.o.Man	C	10	50	Tunis	S	19	66
Istanbul	F	7	45	Valencia	F	22	72
Jersey	C	12	54	Venice	S	9	48
Jo'burg	F	26	79	Vienna	F	7	45
L. Plms.	C	26	79	Warsaw	R	3	47
Lisbon	C	17	63	Zurich	C	4	39

C—Cloudy. F—Fair. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.
† Noon GMT temperatures.

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Prime rates

company, yesterday launched a $400m (£211m) jumbo Eurodollar bond through Credit Suisse First Boston. The company, which recently won a $7.6bn bid battle for Conoco the U.S. national resources concern, took advantage of the buoyant Eurobond market to launch the largest issue since the World Bank's $500m jumbo in June.

The Du Pont bonds, which mature in seven years, were first offered yesterday morning as a $250m issue with an indicated coupon of 14¾ per cent. Within two hours of the launch, however, the lead manager reduced the indicated coupon to 14½ per cent. The amount of the offer was later increased to $400m on the back of strong demand.

Argyll Foods drops Linfood bid

BY RAY MAUGHAN

ARGYLL FOODS, the distribution and retail group headed by Mr James Gulliver, has dropped its contested £87m bid for Linfood Holdings in the face of this week's reference to the Monopolies and Mergers *Commission*.

The bidder's 29.9 per cent stake in Linfood, another cash-and-carry and supermarkets group, was placed in the Stock Market yesterday, mainly with institutional investors.

The holding was sold at 156p per share. This compares with the average purchase price of 152.8p. Argyll acquired 20 per cent of Linfood two months ago from Guinness Peat, the merchant banking and commodities group, at 139p per share.

It was able to buy the rest of its take in the market at prices just under its cash-offer terms of 170.9p per share. After dealing costs and expenses, Argyll has incurred what it calls a small loss at the end of the day.

Mr David Webster, an Argyll director, said yesterday that the bidder's decision to place its holding had been taken in the light of a nine-month period of uncertainty while the commission investigated the deal.

Argyll borrowed £14m to finance purchase of its stake, which, allowing for dividends that would have been paid by Linfood, would have cost £1.5m to finance on an annual basis.

These interest payments were "not insupportable" in view of Argyll's forecast profits of £6.5m before tax this year but Mr Webster cited the "enormous amount of work on our behalf" that an investigation would have entailed.

Although the reference was announced before Argyll had had time to count final acceptances it is understood the bid was poised to succeed. Many institutional acceptances would have come through at the last moment but Argyll *seems to* have been assured of at least 40 per cent of Linfood's shares.

Mr Gulliver said yesterday he was surprised the Office of Fair Trading believed there could be grounds whereby this merger could operate against the public interest.

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